UNITED STATES DEPARTMENT OF AGRICULTURE
WAR FOOD ADMINISTRATION
OFFICE OF DISTRIBUTION
WASHINGTON 25, D. C.

A

ANNUAL REPORT OF MARKETING FACILITIES BRANCH

FISCAL YEAR ENDING JUNE 30, 1944

CONTENTS

I. INTRODUCTION

It is the function of the Marketing Facilities Branch to handle all problems of the physical handling of farm and food products from the farm to the consumer. Its work includes the planning of concentration or assembly markets in production areas; the transportation of the products from farm to consumer by rail, truck, and boat; all problems of storage of the commodities from the time they are produced until they are consumed; and the operation of terminal and secondary markets in the consuming areas. Its concern is for the handling of all food produced and consumed in the United States and not merely that part of the total to which the War Food Administration has title. The goal of the Marketing Facilities Branch is to make the physical distribution of farm products as efficient as possible.

The specific tasks which must be performed in carrying out this function are many and varied. Proper locations, designs, and methods of operation must be determined for all kinds of market facilities in producing areas and in the large cities. This calls for work with farm and trade groups, city and State officials, transportation and real estate interests, and banking institutions. It requires a knowledge of marketing of all farm products, because the purpose of creating a market is not merely the construction of a facility, but is to provide an efficient method of handling. Engineering plans are drawn up in such a way as to fit the marketing methods and streamline the methods of handling. During the year detailed plans have been worked out for several markets, and at the end of the year 17 cities had requests on file for assistance in planning and developing market facilities. These plans envision the construction of facilities varying in cost from a few thousand dollars to several million dollars. Cities and rural areas throughout the country are very much interested in completing their market plans so that the construction can be a part of the postwar public works program. Congress has authorized an investigation of marketing facilities and is expecting assistance from this Branch in analyzing conditions and developing concrete plans.

Not only have market facilities been inadequate, but also during the year there have been shortages of storage space. It has been necessary to conduct elaborate programs in order to make possible the storage of grain and perishable foods. Grain storage committees have been functioning throughout the country for the fourth consecutive year. The year has brought one battle after another with shortages of cold storage space. Cold storage holdings have increased much more than production of perishable foods, yet it has been impossible to get sufficient materials to construct enough additional warehouses to take care of the food. Existing facilities had to do the job. A nation-wide campaign was conducted among all warehousemen to get them to utilize their space

more efficiently. All products not requiring refrigeration were forced out of the houses. Stocks of other commodities were ordered reduced. The storage period was limited to a maximum of 10 months. Much warehouse space was made convertible from cooler to freezer. New warehouses were built in critical areas, and an information service was set up to inform food handlers throughout the nation of all available storage space. Two food orders regulating the use of cold storage facilities are in effect, and they have been expanded from time to time by amendments. Still further action is needed to avert serious spoilage of perishable foods during the fall of 1944.

A purely wartime activity that has assumed major importance during the year has been the handling of priorities and tax amortization of refrigerated warehouses, ice manufacturing plants, and car icing stations. Several hundred applications have been processed. Since materials are scarce, a careful analysis was required of each application to make certain that the construction was contemplated in an area where the need was greatest and where the facility would have the widest use. The engineering plans had to be analyzed in order to eliminate from each proposal as much critical material as possible. In many cases it was necessary to get out and find the materials for the applicant and to arrange for the financing of the projects. Where tax amortization was requested, studies of probable postwar value were required.

The basis of the cold storage work has been the information collected by the Cold Storage Reports Unit. A nation-wide survey was made of the cooler and freezer capacity of every cold storage warehouse in the country. Information was obtained from each warehouse twice a month to show the amount of its space that was occupied. Once each month figures have been obtained on the holdings of each commodity in each warehouse, and reports have been published. These figures have not only been the basis of the cold storage facility planning, but have been used by the commodity branches in their commodity management, by the Office of Price Administration in formulating its rationing programs, by the Office of Defense Transportation in regulating the flow of commodities to ports, and by the trade and farm groups as market information.

The year has brought continued growth of the work carried on under the United States Warehouse Act. With the tremendous wartime requirements for food and fiber and the limits on production imposed by scarce materials and labor, it has been of utmost importance that storage stocks be adequately protected. Through the warehouses supervised by our Division of Warehouse Supervision, more than one and a half billion dollars worth of farm products were handled during the year without financial loss to any depositor of any product in any warehouse. Thus the record of more than 20 years without a loss to storers of products in Federally supervised warehouses has been maintained. Furthermore, our records show that over this period of time the bonding companies have paid out less than $100,000 on losses sustained in warehouses under our supervision.

Because of the protection afforded by the United States Warehouse Act, it has been impossible to meet the demand to bring additional warehouse facilities under the Act. The experience with Federal warehouse supervision has been so good that warehousemen throughout the country have found it to their advantage to obtain a Federal license. They have a competitive advantage over other warehouses because owners of products prefer to use Federally licensed houses on account of the certainty that the products will be properly protected and the fact that money can be borrowed from the banks on very favorable terms with the Federal warehouse receipt as collateral. Warehouses must meet rigid requirements before they are licensed, and periodic examinations are made to see that every product back of every outstanding receipt is in the warehouse, that it is of the proper grade and condition, and that the warehouse facilities and operations are such that the product will continue to be properly protected.

In the transportation field the Branch has had to deal with problems during the past year that had not existed previously for a quarter of a century--those resulting from inadequate supplies of transportation equipment to move the record production of the country. Studies have been made to forecast the demand for various kinds of equipment, shortages anticipated, and action taken to prevent the problem from occurring or to have its solution ready as soon as it appeared. The general approach has been that of conservation of existing equipment and use of alternative equipment in order to make the equipment available do the job. These methods were usually sufficient; but when they failed, priorities were established for the movement of commodities.

The fiscal year had barely started when it was necessary to prepare priorities on the use of trucks because of gasoline shortages in the East. As time passed, it was necessary to extend these priorities to other areas in order to see that the most necessary trucks received the tires, new parts, and gasoline. In order to conserve existing truck equipment, the Branch has worked constantly with the War Production Board and the Office of Defense Transportation in developing regulations on the distances trucks might travel and the number of deliveries they might make.

In the field of rail transportation the most serious problem has been with shortages of refrigerator cars. Production of perishable foods has increased tremendously since the beginning of the war, and there have been shifts from trucks to the rails. However, there are fewer refrigerator cars in use now than before the war. Fully six months out of the year there would not have been enough refrigerator cars to meet the demand if action had not been taken in advance of the emergency. Yet with the action taken, no product has spoiled because of the inability to obtain cars. Constant work with the Interstate Commerce Commission, the Refrigerator Car Lines Advisory Committee, and the industries moving perishable commodities has made it possible to meet the situation to date. A campaign was carried on to get more prompt

loading and unloading of the cars. Certain products not requiring the protection of refrigerator cars were forced to move in box cars. Restrictions were placed on diversions and the length of time cars could be held, and other steps were taken to improve operating efficiency and see that all necessary demands for refrigerator cars were met before allowing them to be used for other traffic.

Shortages of tank cars made it necessary to take a number of steps to make sure that sufficient equipment was available to move fats and oils. Conservation measures were adopted in the use of tank cars, tank car movements were watched, and the Branch worked constantly with the Office of Defense Transportation in managing the allocation of cars in such a way as to meet all needs. There have been local temporary shortages of box cars which required action.

Shortages of boats on the Great Lakes for hauling grain into the country have required more work from the Transportation Conservation Division than any other single activity. There was extreme difficulty during the season of 1943 in getting grain into the country, but even with the limited shipping facilities and the tremendous demand for ships to haul ore it was possible to bring in the required amount of grain--a quantity larger than moved on the lakes during the previous season.

Throughout the year an extensive program of transportation conservation was carried on with each of the major segments of the food industry at the request of the Director of the Office of Defense Transportation. As a result of these efforts millions of ton-miles of saving in railroad transportation was accomplished. This program was carried on through the cooperation of task committees appointed by the various industries for this work. All the action was on a purely voluntary basis.

In handling these problems on transportation the Branch has served as the claimant agency of the War Food Administration before the War Production Board and the Office of Defense Transportation for all transportation of farm and food products. It has also been the representative of the Administration with the Interstate Commerce Commission, the Office of Price Administration, and the Association of American Railroads. It has established a committee consisting of one person from each commodity branch, and with the assistance of that committee prepared both truck and rail priority lists which are on file with the Office of Defense Transportation and the War Production Board for their guidance when it is not possible to move all products. In addition to carrying on its own program, the Transportation Conservation Division of the Branch has served as the staff of the Director of Transportation, preparing such information and rendering such assistance as needed by that office.

The Transportation Rates and Services Division has just closed one of the most successful years in its history. Rate actions in which it has participated have resulted in annual savings of about one hundred million dollars in the cost of transporting farm and food products.

Actions taken have benefited every farm product, and farmers and consumers in each State of the country were assisted by several separate rate adjustments. While most of the savings accomplished through the lower freight rates went to the public, several million dollars were saved various Government agencies by actions in which the Branch took the initiative. Some of the rate adjustments for the Government agencies were made retroactive, resulting in refunds of several million dollars of public funds already paid out in transportation charges.

The rate actions successfully completed ranged from reductions in rates on particular commodities between specified points to adjustments that covered the entire country on groups of commodities. They embraced not only charges made by the railroads, but also included truck and boat transportation.

In addition to handling a large number of rate cases, the Branch participated in many railroad abandonment cases. Each proposed abandonment was carefully studied to see whether or not its effect would be harmful to the handling of farm products. If so, appropriate action was taken to prevent the abandonment from being approved.

The Branch has been very active in getting satisfactory rates established to make possible the return of used containers from the terminal markets to producing areas. These rate adjustments were necessary if the used containers were to find their way back to the growers, and the shortage of new containers was so great that it seemed absolutely necessary to return the used packages.

Many special services were arranged to expedite the handling of farm products. To illustrate, when difficulties arose in storing the tremendous crop of Maine potatoes, the necessary arrangements were made to permit their storage in transit at almost any point east of the Mississippi River. This meant that warehouses that had never been used for the storage of potatoes could be used during the emergency, which not only saved the potatoes but also saved the labor and materials that would have been required to build new warehouses. Savings accruing from action of this kind cannot be measured, but they obviously are of great importance.

The transportation rate and service work has not been confined to rate cases and the establishment of special services. Several research projects have been undertaken for the purpose of improving the transportation service. For instance, studies were made to determine the most satisfactory methods of transporting meat in refrigerator cars. Tests were made by moving meat in various kinds of cars with varying amounts of ice and salt. As a result it was possible to determine which type of refrigeration equipment would best maintain low temperatures. By using only the methods determined to be satisfactory it was possible to move meat directly to shipside from interior points without the necessity of refreezing the product at the port warehouses. This method of handling not only made it possible to move larger quantities through the ports, but also resulted in savings of several

hundred thousand dollars per month through the elimination of the extra handling and reduced the risk of spoilage.

An elaborate series of tests were run on a large number of products to determine their freezing point and the time required for freezing when standing still and when moving. The purpose of these tests was to determine what products could be moved safely in box cars and at what times of the year refrigerator cars were needed for protection from freezing. These tests have been of inestimable value in developing means of handling refrigerator car shortages. As a result of these and previous tests a manual was prepared and published, setting forth the protective services that should be given each perishable product.

These are some of the highlights of the work undertaken by the Branch during the past fiscal year, but on the pages which follow the individual accomplishments of the various Divisions are discussed in more detail.

II. MARKET ORGANIZATION AND FACILITIES DIVISION

A. SUMMARY

Under normal conditions this Division is concerned primarily with market facilities and secondarily with warehousing. However, in 1943 restrictions on construction made it almost impossible to improve and build new markets, while at the same time greatly expanded production, wartime accumulation of foods, and spasmodic shipment of supplies out of the country, due to the war, created many warehousing difficulties. In order to meet these problems it became necessary to concentrate on this work and to devote to the market facility program less attention than it deserved or than its long range importance warranted.

This year although there has been no appreciable change in the general availability of construction materials, progress of the war has stimulated interest in a market facilities program. Many cities and producing areas that were engaged in making plans for providing more efficient markets prior to the war found it necessary to postpone these developments. They now are anxious to continue the work so that construction may begin just as soon as materials are available. Also, it is generally recognized that with the new level of production achieved during the war, the need of outlets for farm commodities after the war will be even more acute.

Therefore, areas that have never given very serious consideration to market organization, methods, and improved facilities are eager to study their needs and to take whatever steps necessary to provide facilities adequate for orderly and efficient marketing. If full value of the proposed developments, urgently needed and long overdue, is to be realized immediately after the war, the planning must be done now. The importance of this work is clearly demonstrated by the fact that Congress is conducting an investigation of agricultural marketing, in order that improvements may be made.

The Division has been cooperating with state and local people to work out plans for efficient wholesale markets in the cities of Baltimore, Huntington, and Roanoke, and with the people in Miami to study their needs and to develop plans for a proposed expansion of their present facility. Also, we are cooperating with the State Department of Markets and with the Alabama Extension Service in planning concentration markets for the producers of that State. Seventeen other studies are being held in abeyance. In addition to this, we are directing the development of the Department's national postwar plan for marketing facilities on terminal markets, concentration (assembly) markets, and warehousing. A national inventory of all the fruit and vegetable wholesale facilities is being completed. Next year this study will be expanded to include types of facilities other than wholesale. This material will be used in preparing the postwar marketing facilities plans to be used in connection with a public works program or as a basis for other action programs.

Although the market facilities program has received much more attention this year than last year, and is rapidly gaining peacetime importance, unprecedented production of food, accumulation of stocks to meet wartime requirements at home and abroad, together with frequent interruptions in the flow of food out of the country - particularly the latter - have created throughout the year one critical storage emergency after another.

With the exception of storage for potatoes, sweet potatoes, and grain, most of the problems have been confined to refrigerated storage. Last year with a large crop of potatoes in prospect it was feared that storage space would be inadequate. This Division cooperated with the Custody and Disposition Division in locating space for quantities that could not be accommodated in facilities existing within producing areas.

When it was felt by the commodity people that a large sweet potato crop, with a narrow price margin under the support program for cured potatoes, might result in War Food Administration having large quantities of portatoes to cure and store, this Division worked out with the Fruit and Vegetable Branch a plan for bringing into use suitable emergency facilities, to provide adequate storage for the expected crop.

Also the grain storage program, which was started in 1942 for the purpose of controlling the movement of grain into terminal areas, is being retained in order to assist in meeting any grain storage problems that arise.

A major part of the warehousing work this year, however, has been devoted to cold storage in which activity numerous warehousing programs have been instituted and carried out, to assist in alleviating the difficult situations which have arisen, such as:

1. Working with the warehousemen to obtain the most effective use of all their space.

2. Speeding up processing in order to cut down on the time unprocessed products need remain in cold storage.

3. Bringing of emergency type facilities such as ice storage houses, etc., into operation as food storage plants during emergencies.

4. Obtaining from all warehousemen semi-monthly reports on their available space; conducting information centers in Washington and in each region to provide owners who have commodities to store and who are unable to find space, with information as to warehousemen who have space unoccupied.

5. Working through our Office of Labor and the War Manpower Commission to obtain labor for the warehousing industry.

6. Collecting and releasing complete up-to-date information on space capacity, space occupancy, and commodity holdings.

7. Exchanging of information among government agencies who have commercial storage problems.

8. Maintaining regular contact with the warehousing industry through the Refrigerated Warehousing Industry Advisory Committee, and working with this committee in developing plans and carrying out programs to accommodate the country's supply of perishable foods.

9. Encouraging during off seasons the storage of general commodities in private space which was built for seasonal storage of some other specific commodity.

10. Working out with the Treasury Department a means whereby refrigerated facilities of cooperative associations at the request of the War Food Administration could engage in commercial warehousing during the emergency without impairing their income tax status.

11. Getting expansion of facilities in areas of greatest need.

12. Conducting a program for making space convertible from cooler to freezer and vice versa so as to add flexibility to over-all storage space and promote more efficient use of available facilities.

13. Getting out of cold storage the products that do not require it and using low temperature space only for products that require it.

14. Preventing reservation of empty space for future needs.

15. Restricting the storage period of all commodities to 10 months.

16. Forcing removal from storage of excess stocks of frozen fruits, vegetables, and poultry.

17. Estimating materials needed for construction and recommending programs for these materials for the cold storage, dry storage for food, and ice manufacturing industries.

18. Reviewing and making recommendations for approval or denial of approximately 600 applications for expansions and conversions of cold storage facilities.

19. Reviewing and making recommendations for approval or denial of approximately 700 applications for expansions and conversions of ice plants.

20. Reviewing and making recommendations for 50-60 applications for Necessity Certificates for cold storage.

21. Reviewing and making recommendations for approximately 10 applications for Necessity Certificates for ice manufacture.

22. Working with Defense Plants to bring into existence two large cold storages totaling 3,000,000 cubic feet at estimated cost of $1,700,000 in two very critical areas.

23. Working with the Defense Plant Corporation to bring into existence two ice plants of 180-ton per day capacity at an estimated cost of $200,000 in critical areas.

24. Over-all administration of WFO 70 and WFO 90 restricting the use of refrigerated space.

25. Serving on Office of Distribution Goals Committees for 1945 so that the production will not be planned without due consideration to available facilities for handling these commodities.

B. MARKET FACILITIES

1. Terminal Markets

Our work in terminal markets is concerned with plans for improving marketing methods in terminal areas, to provide for more efficient distribution of farm products. This program is a part of our general program to improve the physical handling of farm products from grower to consumer and thus of providing outlets, increased returns to growers, and lower prices to consumers.

Facilities which are being used in many of the large cities are very old and very inadequate. Many of them were designed prior to the motor truck, and are entirely unsuited to present conditions. This situation results in actual loss of perishable commodities and in larger marketing costs, amounting to millions of dollars annually. Usually this work is handled by cooperating with other agencies such as the state colleges, city officials, extension services, the trade, the growers, civic groups or any group manifestly interested in studying local marketing problems with the view to improvement. Briefly, our people go into an area and work with local people in determining the problem and analyzing the needs. As soon as all concerned are in general accord as to the type of market, location, method of operation, etc., the services of our architect are made available for preparing the plans. After the market is built, whatever assistance necessary is provided to encourage proper methods of operation.

a. Wholesale Produce Market, Baltimore, Maryland

Last year a commission of 15 persons, consisting of trade members and others, was appointed by the Governor of Maryland to study wholesale produce markets in the City of Baltimore and to recommend improvements to the State Legislature.

This Division has been cooperating with the University of Maryland and the Commission in studying the market organization and facilities in Baltimore. Existing markets have been examined. The consensus seemed to favor grouping the wholesale market operation as closely as possible. Next, present facilities were studied in an effort to determine the possibility of eliminating certain markets and improving others. Our architect has prepared several sketches indicating possibilities for changes in present market layout and possibilities of making additions to an existing wholesale market. This work is being pushed so that the Commission will be able to make a report to the Legislature this fall.

b. Wholesale Produce Market, Huntington, West Virginia

This year in cooperation with local people in Huntington, West Virginia, the work on a wholesale market has been continued. Sites have been studied and recommendations made as to the most suitable. An understanding has been reached as to the size and type of market needed, and plans have been drawn.

c. Wholesale Markets in Virginia Cities

Plans have been made in cooperation with the Director of Markets and others in Virginia, to work out plans for market improvements in Roanoke, Richmond, and Norfolk. A study of Roanoke was made prior to the war. At present the recommendations in this report are being reviewed and brought up to date. After all parties concerned are in accord as to what needs to be done to provide an efficient wholesale market, our architect is being made available to Roanoke for the purpose of developing the necessary plans.

2. Concentration Markets

This work also is a part of the general program for improving physical handling of farm products from producer to consumer. It is comparable to the terminal markets work except that these facilities are designed for the assembling of commodities in producing areas, for shipment.

a. Markets for Alabama and Miami

This Division is assisting the Dade County Growers Association of Miami, Florida, in planning a proposed expansion of their present facilities. The plan involves a study of the volume of commodities moving through the market, their methods of operation, and their marketing costs. After this study has been completed, recommendations will be made to the directors of the association. Also, our architect will be made available to the association for preparing the necessary plans.

The State of Alabama is engaged in planning and establishing a system of concentration markets for fruit and vegetable growers. We are working with the Director of Markets, the Extension Service, and the local

groups involved in determining the type of facilities needed, the location, etc., and in obtaining priorities.

In addition to the terminal and concentration markets upon which work is now in progress, at least seventeen others, some in the largest cities in the country, are being held in abeyance until personnel can be made available to carry on the work.

3. Postwar Public Works Program

In connection with the Department's postwar planning this Division is developing a plan for market facilities. In general, the purpose of the market facilities phase of the postwar planning report is to develop public works projects for construction of modern, efficient marketing facilities. Among these will be terminal produce markets, concentration (assembly) markets, and warehousing facilities.

A committee of fruit and vegetable specialists within the Department is furnishing information and is preparing that part of the report dealing with production, volume, marketing costs, per capita consumption, and with future marketing trends.

A national study is being made of all wholesale fruit and vegetable facilities in the city markets and of assembly facilities in commercial production areas. Existing marketing facilities are being evaluated to determine whether they are adequate. Marketing methods are being studies in areas which have no facilities to determine whether facilities are needed. The field work is being performed in the regions under the guidance of regional activity leaders. In most cases these leaders are Office of Distribution personnel. Full use is being made of the research, both Federal and State, that has been done. The regional activity leaders are working with marketing people of the states, the experiment stations, the state extension services, the state departments of agriculture, and the colleges.

This particular program is well under way. It is anticipated that the collection of material should be finished by September 1, and that assembling and analyzing of the data, and preparing of the report will follow immediately for the fruit and vegetable part of the study.

A postwar facilities program similar to the program for fruit and vegetable marketing has been planned for poultry and egg marketing facilities. This Division has requested assistance from the departmental Egg and Poultry Committee in preparing the questionnaire forms and in conducting the field work for the survey. This Committee at its recent monthly meeting (June) set up a sub-committee to assist the Division in carrying out the study.

Regional activity leaders, with the assistance of the regional Office of Distribution Dairy and Poultry personnel, will guide the field work for the survey. Most of the work in connection with this part of the

postwar planning program will be carried on during the next fiscal year.

This planning of market facilities is termed a public works program, and is designed to take advantage of such a program after the war. However, if public works projects do not develop, only one method of financing markets will be lost, and certainly the value of the program will not be nullified. The program is providing basic information necessary for planning modern, efficient, and adequate facilities for the country, which will be followed by our own action program. At the same time, this activity is bringing to the attention of the local and state planning groups and to people interested in agricultural products and marketing, the urgent need for improved marketing methods and facilities throughout the country.

C. WAREHOUSING

The warehousing work of this Division consists primarily of planning and instituting storage programs which will insure accommodation for the country's supply of food. The Division serves as a point of contact and as a connecting link between the commodity branches, procurement agencies, and civilian owners on the one hand, and the warehousing industry on the other. The planning takes the form of long-range programs and emergency measures.

Prior to July 1, 1943, the warehousing program was relatively small, but with rapid increases in production of perishable foods, together with interruptions in the orderly movement of wartime supplies out of the country due to fluctuations in shipping, storage became an extremely vital part of our War Food Program.

1. Dry Storage

The dry storage situation this year has not been nearly as critical as the cold storage. This, of course, is due in a large measure to the fact that, in general, commodities that can be kept in common storage are not as exacting in storage requirements as the more perishable items which require refrigeration to prevent immediate spoilage. Therefore, many types of existing buildings can be converted to dry storage use without too much difficulty, and with very limited quantities of critical materials.

With the exception of common storage for potatoes, sweet potatoes, and grain, cold storage received most of the attention.

a. Storage of Potatoes

Last year, with a large crop of Irish potatoes in prospect in the heavy commercial producing areas, it was found that storage would be inadequate to accommodate the crop. This in turn would result in the Office

of Distribution having to purchase large quantities of potatoes for storage. This Division cooperated with the Custody and Disposition Division in planning a program to obtain maximum use of the space in the producing areas and to locate space for quantities that could not be stored locally.

b. Sweet Potato Curing and Storage

The 1943-44 outlook indicated a large crop of sweet potatoes. Only a small price margin for curing was established under the price support program. Consequently, much concern was expressed over the possibility that the Office of Distribution might have to purchase, cure and store large quantities of sweet potatoes. In view of the fact that this operation involved curing as well as storing, it was decided that it should be handled by the Fruit and Vegetable Branch. However, this Division worked out with the Fruit and Vegetable Branch a plan for bringing into use suitable emergency facilities, and designed the contract forms to be used in contracting for the necessary facilities in the producing areas.

c. Grain Storage

Although the dry storage situation has not been as acute as cold storage, it was necessary in 1942, when it became apparent that there would not be sufficient commercial storage space to store all the grain produced, to take steps to provide space. A survey was made to ascertain the total commercial storage space and the percentage of occupancy. The results of this survey showed that commercial space would be inadequate to meet the needs. It was recognized that the only safe place to store the surplus grain would be on the farms. It was also recognized that action should be taken to assure that grain did not move to the terminal markets in larger quantities than could be stored in the available commercial space, to avoid a serious congestion of freight cars. In view of these facts, a program was inaugurated to provide for the grain storage problem a solution which would prevent the loss of spoilage of grain, and also avoid the use of railroad cars for storage in congested terminal market areas. A number of agencies in the department participated in carrying out this program.

The grain storage program encouraged the holding of grain in farm storages, the expansion and efficient utilization of all existing storage facilities, the use of emergency storage, and the control of the movement of grain. Market storage committees were created in 18 of the principal markets to deal with local problems of transporting and storing grain. These committees consisted of representatives of the trade, of the growers, and the railroads. They developed current reports concerning space, plans to handle emergencies, and determined policies to meet changing conditions.

Permit committees were appointed in 22 markets to regulate the flow of grain into the markets in accordance with the amount of space available

for unloading. In 1943, the program was broadened to include rice and soybean markets where new permit committees were established. An easier storage situation did not require the use of the permit committee in many of the markets where they have been employed in 1942. In 1944, the record size of the winter wheat crop in the Southwest has required the use of permit committees in certain of the markets where, because of labor difficulties, cars were arriving in excess of the ability of the elevators to unload. The situation is being closely watched in cooperation with the Association of American Railroads and the Office of Defense Transportation in order that additional markets may be put on a permit basis when and if the need arises.

2. Cold Storage

Before the end of the first month of this fiscal year the cold storage situation became very acute. Prior to that time, we had experienced emergencies of short duration, but by a reasonable amount of planning through instituting programs which would put owners who were unable to find space in contact with the warehousemen who had available space, the tight situations were alleviated without too much difficulty.

However, by mid-summer of last year, due to light liftings, large stocks of Russian types of meats were accumulated in the storage facilities of the country. The armed forces were assembling rather large inventories. The War Food price support program resulted in the storage of substantial quantities of early Irish potatoes. Federal Surplus Commodities Corporation was assembling large quantities of perishables for Lend-Lease shipment. These accumulations of perishables at a time when there is normally a large seasonal in-movement resulted in taxing the country's facilities beyond capacity.

When there are definite limits to processing facilities and materials such as canning plants, tin, etc., and refrigerated space is inadequate to hold the perishable foods, they are lost--foods which are vitally needed in connection with the war effort. Not only is the food lost, but the resources and manpower that could have been used for other purposes also are wasted. To meet the critical shortage of space for perishables with very definite limits on the amount of new space that could be provided, three courses appeared to be open, namely:

(1) To make more efficient use of all available refrigerated facilities.
(2) To restrict the use of cold storage space.
(3) To convert and expand cold storage facilities.

Under each of these numerous programs have been instituted and carried out:

a. Warehousemen Urged to Use Space Efficiently

Last summer when the situation became serious, representatives of the industry were called to Washington to consider the problem and a definite appeal was instituted to get warehousemen to use all available

space. The association of the industry, furthermore, has cooperated in carrying out an active campaign for more efficient use of facilities. The warehousemen have been urged in meetings, by letters, and through their own publications to pile goods higher, to reduce aisle space, to combine lots, etc., so that larges stocks could be handled.

b. Speeding up Processing

During the producing season many perishable commodities are placed in refrigerated facilities and processed throughout the year. Such processing frequently changes the nature of the commodity so that it does not then require refrigeration. During the year we repeatedly have gone to processors who were holding large stocks of raw materials in refrigerated space, and urged them to speed up their operations so as to relieve the space. This program has been extremely helpful during emergencies. Also, some of the provisions of our food storage orders were designed to expedite the processing of perishables.

c. Use of Emergency Facilities

Traditionally the cold storage industry has been over-built and consequently in normal times has suffered materially. In view of this excess capacity, together with the critical shortage of materials and the very definite limits on the amount of new space that could be provided by building, vigorous efforts have been made to bring into use all types of emergency facilities that could be used for storage of foods, which ordinarily are not used for that purpose. Many ice companies had ice storages which have been abandoned or which were being used only part of the year. We have worked with the ice associations, the individual companies, and the warehousemen to get these facilities into operation in the acute areas. Many breweries, packing plants, etc., had refrigerated rooms not in use. An effort has been made wherever possible to locate this space and bring it into use for food storage.

d. Use of Off-Season Facilities

Since agricultural production is seasonal throughout the country, there are hundreds of cold storage houses used for the storing of one or a few crops which are in use for only part of the year. This Division has worked with the storage people in Shipping and Storage Branch, with the owners of such facilities, and with commercial storers to bring about full utilization of these facilities during their off-season. Millions of pounds of lard, cured meats, and eggs have been accommodated in apple houses alone.

e. Refrigerated Facilities in California Owned by Cooperative Associations to be Used for Commercial Storage

The refrigerated storage situation has been very acute in the Pacific Coast states throughout the year. In the State of California many cold

storage plants are owned by cooperative associations and used entirely for their own operations. These facilities were not being fully utilized, since if they were used for commercial storage the income tax status of the cooperative would be jeopardized. In order to meet this situation, an understanding was reached with the Bureau of Internal Revenue whereby these unused plants upon request of the War Food Administration would be allowed to accept commercial storage for limited periods during the emergency without changing their taxable status. As acute situations develop, letters are going forth from this Division to the owners of such facilities requesting that they accept commercial storage.

f. Refrigerated Warehousing Industry Advisory Committee

When it appeared that there would be many difficult problems in handling the storage of wartime food supplies, a Refrigerated Warehousing Industry Advisory Committee was selected to work with this Division in studying the problems, to recommend solutions, and to provide a point of contact between the War Food Administration and the industry, in the respective regions. This committee was made up of nine active warehousemen from the country selected so that each region would be represented. To be sure that the committee would be typical of the industry, included on the committee were representatives from large and small companies, both public and private, as well as from packing establishments.

When critical situations have arisen, representatives of this Division have met with the committee to determine what steps should be taken for meeting emergencies. After plans were agreed upon, members of the committee returned to their respective regions to assist in carrying out the programs instituted.

g. Information - Cold Storage Reports

As has been indicated, increase in the production of many perishable products to meet war needs, together with shipping delays and other unpredictable factors have made it necessary to place in cold storage extremely large quantities of perishables.

For years the Department has been collecting, compiling, and disseminating information on the monthly inventory of perishable food commodities held in the cold storage warehouses and meat packing plants. In addition, information has been collected on stocks of fish and upon oleomargarine production. The information on fish holdings is made available to the Bureau of Fisheries, and a monthly margarine production report is issued.

Every two years a survey is made of cold storage warehouses and of refrigerating capacities of meat packers' facilities. This year the questionnaires were mailed out to determine the refrigerated capacity of the country as of October 1, 1943. These figures have been compiled and

are now being used in the Cold Storage Report. A detailed report of this information on refrigerated capacity is being prepared.

On the first and fifteenth of each month all of the cold storage warehouses, meat packing plants and fish houses, report the amount of space occupied and the number of car lots of commodities which each can take. In addition to the peacetime uses of complete and accurate data upon warehousing facilities and operations, both the historical and current information are of inestimable value in meeting the war food storage emergencies. The work has undergone considerable change in character. There has been a development from the function of collecting and interpreting statistical facts to that of applying assembled and analyzed material to current problems. Our cold storage programs have made extensive use of the assembled data, and of the background and experience of the staff.

The Monthly Cold Storage Report dates back to about 1916. At that time only a very few commodities were covered. In the intervening years to date, the report has been continuous, and has undergone much expansion and refinement. This year the questionnaire used for collecting information on holdings was revised so as to simplify the furnishing of the information--thus saving labor for the warehousemen--to improve the quality of the report, and to effect a more nearly complete commodity coverage. Some of the information asked for on the old form was used primarily to verify the accuracy of the inventory figures reported; therefore, certain of these columns were eliminated and other methods of verification now are being developed.

With the end in view of obtaining a more nearly complete coverage of warehouse inventories, several items were added to the questionnaire. Also, the form makes it possible to determine the quantity of the holdings whether freezer or cooler by type of space. To eliminate the necessity of two forms on the first of the month, the space occupancy report was combined with the holdings report.

Our information on the cold storage field is now relatively complete, and is the source of working information for the War Food Administration, the Office of Defense Transportation, the Armed Forces, the War Production Board, and for other government agencies.

h. Labor for the Cold Storage Industry

One of the most critical problems that has faced the cold storage industry this year has been the shortage of available manpower. There has been an outstanding response to the call for greater food production, resulting in substantially increased supplies requiring refrigerated storage. Wide variations in the flow of shipping under war conditions, together with constantly mounting over-seas demands, have materially increased the volume of storage necessary to assure adequate supplies at all times. All of these variable factors have filled the cold storage warehouses to overflowing.

Many warehouse operators have indicated that with adequate manpower much more efficient use could be made of freezer and cooler space, and that a substantially greater tonnage of food could be stored. In the handling of rapid wartime turnover of warehouse stocks, much vacant space develops that can only be made available by repiling. Sufficient labor is not available to condense the remaining lots. Space that could be so created therefore, has remained unused. It has been estimated, from information developed in a nation-wide survey, that if 2500 laborers were made available an over-all increase of 10 to 20 percent in commodity tonnage could be accommodated.

This Division has worked through our own Office of Labor, with the War Manpower Commission, and other interested agencies to get additional labor for warehousemen. Efforts have been made to get prisoners of war, members of the armed forces and other types of labor into the warehouses during emergencies. We have actively followed the ratings given the industry in various areas, and have worked toward getting higher ratings when the rating given failed to produce the men. The wage paid by industry for work in uncomfortable temperatures has been an important factor. Our people have worked with the Office of Labor and others to bring about necessary adjustments. At present a program is being carried out to acquaint every agency that has anything to do with labor in Washington and the field, with the needs of the industry and to impress upon them the importance of labor in protecting our food supplies.

i. The Refrigerated Space Clearing House

The information collected twice a month on the occupancy of refrigerated facilities is being used to bring people who have commodities to store and who are unable to find space, in contact with warehouses that have unoccupied space. Our clearing house compiles and edits the information. Twice in each fifteen-day period a tabulation is run showing available space in terms of carlots in coolers and freezers by region, state, and warehouse.

This information is sent to the Shipping and Storage Branch and to others in the War Food Administration who are interested in storage. A copy is furnished to all regional offices and to commodity branch chiefs, who have commodities requiring cold storage space. With certain restrictions, the information is made available to owners of commodities who need space and are unable to find it through regular channels. Owners of perishable products who are unable to locate space are provided with the names of warehouses in owners' immediate area reporting unoccupied space so that they may contact the warehouse. The amount of available space in the individual warehouse, however, is kept confidential.

In addition to the regular reports and the day-to-day operations of the clearing house, two special surveys were made this spring in an effort to locate all possible space suitable for the storage of shell eggs. Prior to the peak in-movement period for shell eggs, a letter was sent out stating the urgent need for shell egg storage, and requesting the

warehousemen to furnish information as to how many additional cases his facility would accommodate on the first day of May and also on the first of June. Through this survey sufficient space was found to store 2¼ million cases of eggs. At the same time the campaign was extended to the regions. The regional directors of the Office of Distribution through their area supervisors canvassed their localities for any space not classed as regular cold storage but, however, suitable for storage of shell eggs.

In the regions where the storage was most critical a great deal of time was devoted to locating additional space. Additional space located in the regions was listed upon two or three of our reports, so that shippers in other regions would have knowledge of the available facilities. The information collected by the supervisors was most useful, however, to the regional offices in carrying out their part of this program and in directing owners, shippers, and processors in their region to suitable space in that region.

The clearing house program has been extremely helpful in meeting the emergencies; it has made possible more efficient use of all available facilities.

j. War Food Order 70

Although the voluntary programs were of invaluable assistance in meeting the cold storage emergencies, these measures alone were inadequate without certain restrictive measures and some expansion. As has been indicated, cold storage space, normally tight in the late summer and early fall, became acute in July 1943.

To supplement voluntary programs in alleviating this situation, WFO 70 was put into effect. This order required the removal from cold storage of nine commodities which could be held in common storage. At the time it was estimated that these commodities occupied approximately thirteen percent of the total cooler space in public warehouses. This action not only made possible the receipt of more new commodities into cooler space, but also enabled certain items which could be held under cooler temperature to be shifted from freezer space. Thereby room was made for more freezer commodities. This aspect is important not only because items occupying freezer space are usually more perishable and of higher unit value, but because overflow of some cooler commodities into freezer space had made the freezer situation tight.

Our records of restricted commodities removed from cold storage under the original provisions of WFO 70 indicate that cold storage space was made available for approximately 2,300 carlots.

WFO 70 further provided that space was not to be reserved in excess of 72 hours. This provision resulted from the fact that many concerns, in order to insure adequate space for their own commodities, were making a practice of reserving space far in advance of the time when the

commodities were to be delivered, and often in excess of actual requirements. This practice caused considerable space to remain unnecessarily idle, and seriously hampered the efficient use of facilities.

As a result of the 1943-44 production, huge stocks of commodities continued to move into cold storage and by the spring of 1944 the situation was extremely critical. At the same time, we were facing a new production season for many cold storage commodities.

To assist in meeting this situation WFO 70 was amended. Three new commodities were added to those already restricted from storage. Also, no merchandise or commodities were to be permitted in storage longer than ten months without authorization from the Director. This ten-month limitation cut completely across the board; it has forced the removal of commodities accumulated in excess of the actual needs of the owners. It also served to induce the owners of commodities to step up production wherever these commodities were to be used in processing, thereby accelerating the processing into forms which require less cold storage space, and to expedite movement of such items into consumer channels. Also it has made possible emphasizing the removal and the processing of commodities in the more critical areas prior to those stored in other sections, where space is not so urgently needed.

An analysis of reports indicates that during the first 30 days from the effective date of the amendment, enough commodities over ten months old moved out to relieve five million cubic feet of space. However, this does not in any way indicate the complete effects of the amendment. Additional quantities of stock continously are reaching the ten-month storage limitation, and many of these would be retained in storage for a considerable length of time were it not for the order.

Nuts in the shell were added to the commodities restricted from cold storage by WFO 70. This commodity was added not with the intent of keeping all nuts out of cold storage, but for the purposes of controlling shipments into more critical areas and of expediting shelling. Shelled nuts occupy less space. Considerable quantities of peanuts in the shell were in cold storage. Refrigeration is not necessary for the preservation of peanuts; consequently space so occupied has been cleared.

Storers are being educated to adjust their operations to a ten-month holding period, which practice should in the long-run be very helpful.

Permission to store is given only for items which have no ready market. In order that removal of the commodity may be effected on the earliest possible date, any such extensions authorized are for a limited length of time.

k. War Food Order 90

In December 1943, freezer space occupancy had been at around ninety percent for the three months past, beginning October 1, which figure was

around ten percent higher than occupancy for the same period a year previous. The War Meat Board estimated that for the four or five months beginning the first of December, warehouses would have to handle approximately forty percent more meat per week than the average weekly volume for the six weeks prior. With freezers loaded to capacity and facing a heavy hog run, it was imperative that something be done. The situation was discussed with the Refrigerated Warehousing Industry Advisory Committee and WFO 90 was added to the other programs.

WFO 90 designated certain items to be excluded from freezer storage. Among these items were lard and cured meats, which type of commodities often could be kept in cooler space equally as well. Another group of commodities was designated as limited for storage. These items were chiefly offal items, such as hearts, pigs' feet, pig tails, etc., of low nutritional value in proportion to weight and bulk. The limited-storage items were to be held in freezer space not more than ten days, except by specific authorization from the Director. After a ten-day freezing period these items were to move into processing or distribution channels.

It is felt that WFO 90 accomplished its basic purpose. Even though hog slaughter from October 1 to March 1, 1943-44, was thirty-seven percent greater than that of the same period a year earlier, storage of offal items such as those restricted by WFO 90 have at no time been greater in volume than in the spring of 1943.

It is estimated that between the period December 24, 1943, the effective date of the order, and January 31, 1944, about 1,700 carloads of space was cleared throughout the United States directly as a result of the order. At present practically no offal items are being stored in public freezer space. This situation has existed since the first two or three months from the effective date of the order, during which time industry was able to adjust its operations.

The freezer space situation remained critical, however. The restrictions on the items covered by the order of course were by no means adequate to offset the in-movement of primal cuts from the largest hog run in history, further accentuated by light lifting the first quarter of 1944. By March 1, occupancy had reached ninety-two percent. Consequently, it was thought necessary to take additional steps to move certain commodities out of storage in order to make room for others. This was particularly true since in a very few weeks from that date we would be facing the new packing season for frozen fruits and vegetables. The amendment issued to WFO 90 was designed to reduce by twenty percent the amounts of certain commodities in storage. Stocks of frozen poultry, frozen and cold-pack fruits and vegetables and purees appeared unjustifiably high. For example, at the rate frozen fruits and vegetables moved out of storage in January 1944, the stocks on hand at the first of March would have been adequate for a year.

It was felt that twenty percent of these stocks could be forced out of

storage and into consumer or processing channels, thus discouraging unwise hoarding and speculation, without hardship to owners.

It is believed that this amendment greatly accelerated the movement of these four items from storage into regular channels. It is, of course, impossible to isolate the effects of the out-movement caused by removal of ration points by the Office of Price Administration, the effects of the amendment to WFO 90 requiring twenty percent reduction, and the effects of WFO 70, Amendment 2, which amendment required the out-movement of all commodities stored in excess of ten months. It is, however, felt that a reasonable amount of the accelerated movement of these commodities was caused by the Amendment to WFO 90.

During the period April 1 to June 1, 1944, the operating period of the order, 121,604,000 pounds of frozen fruits, vegetables, and poultry were moved out of storage. This may be compared with a movement of 78,782,000 pounds for the same period a year earlier. There is a difference of 42,822,000 pounds between the two dates, or approximately 1,090 carloads. The warehousing industry, together with the frozen fruit and vegetable packers agree that they felt the relief and that it is less difficult to find space for the new packs of frozen fruits and vegetables than it would have been otherwise.

l. Controlled Materials for Cold Storage and Ice Manufacturing Industries

The estimates for controlled materials and for refrigeration equipment necessary for the cold storage and ice manufacturing industries, are presented to the War Production Board by the Office of Materials and Facilities. From the estimated requirements for expansion, replacement, and maintenance repair and operations for these industries, this Division, working with the Office of Materials and Facilities, prepares the requirements for four quarters in advance. For example, the requirements for these two industries for the fourth quarter of 1944 amounted to over $6,000,000 and accounted for 60 percent of the War Food Administration's requirements for refrigerating equipment in that quarter.

m. Program for Cold Storage Expansion

During the latter part of 1943 it became apparent that there would be an acute shortage of low temperature freezer storage space. In order to meet the requirements for expansion in a very short time, a program for conversion of cooler space to freezer space was instituted and widely publicized throughout the industry. This Division presented the facts in the case to the Urgency Rating Committee of the War Production Board covering an estimated conversion of 5,000,000 cubic feet. An AA-1 priority rating was approved for that program. Approximately 4,000,000 cubic feet were thus converted.

In the spring of 1944 it became apparent that stocks of perishable foods were so high that expansion of the total cold storage space in the country would be necessary. A careful survey was made of the situation and the location of new projects in strategic areas was planned. A program

was prepared covering an expansion of approximately 10,000,000 cubic feet net piling space between May 1, 1944 and March 1, 1945. This program is now under consideration by the War Production Board.

n. Priorities for Cold Storage and Dry Storage

Applications for all expansion or replacement of facilities for commercial public cold storage and dry storage are received by this Division, which has the responsibility of preparing recommendations for the approval or disapproval of priority assistance. Each application is carefully analyzed from the standpoint of the necessity for the facility or equipment, its relation to the war effort, and the possibility of substitution of other facilities or materials of a less critical nature. Approximately 600 applications for priority assistance for cold storage and dry storage have been reviewed and recommendations have been prepared during the past year.

o. Priorities for Ice Manufacturing Facilities

During 1943 there was an acute shortage of ice, extending roughly from North Carolina on the Atlantic Coast through the South and across to lower California. This shortage was caused mainly by the increased production of perishable food products which required ice for protection during transportation. Other causes were the large concentrations of military establishments and war industries in these areas. During the decade the ice manufacturing industry had been steadily losing business because of mechanical refrigeration, particularly for domestic use. As a result, plants in this area and throughout the country had not received the proper maintenance, and under capacity production there were many breakdowns. During this shortage ice was transported long distances in order to take care of the most urgent needs. While some ice is normally shipped from point to point, the shipment during the latter half of 1943 amounted to over 1,000,000 tons.

In order to meet this situation, a considerable expansion of the ice manufacturing industry was approved. This expansion consisted of both increased production facilities and increased storage facilities. The total increased was equivalent to an expansion of approximately 7,000 tons per day.

In the early part of 1944 it became apparent that the equipment manufacturing companies would not be able to complete delivery of all of the equipment in time for it to be of service during the coming season. At the request of this Division, Directives were issued by the War Production Board covering the two largest equipment manufacturers. Also, a special unit was set up in the War Production Board to expedite the securing of component parts for these companies, and the shipment of the completed plants.

In spite of these measures, complete delivery of all orders could not be made, and another shortage of ice in certain parts of the far South has

developed. This Division, in cooperation with the Office of Materials and Facilities and the War Production Board, is assisting in the expediting of these orders and of special equipment to relieve acute shortages.

Approximately 700 applications for priority assistance for ice manufacturing equipment have been reviewed, analyzed and recommended for approval or denial this year.

p. Necessity Certificates

On October 5, 1943, by Executive Order, the procedure under Section 124 of the Internal Revenue Code for the handling of applications for Certificates of Necessity was amended. Somewhat later the War Production Board was made responsible for the issuance of such certificates, and it became a responsibility of this Division to prepare recommendations for each application.

A survey of the industry was made in order to determine whether sufficient expansion could be secured without the issuance of Necessity Certificates or without the use of public financing. Because of the pre-war history of the cold storage industry, it was finally determined that sufficient expansion could not be secured without the approval of a certain amount of tax amortization.

In order to reach a consistent policy under which all applicants would be treated alike in conformity with War Production Board regulations, it became necessary for this Division to make studies on the rise in construction costs due to wartime conditions in an effort to arrive at a percentage basis applicable to each project. Criteria were prepared by which each project could be judged and placed in the category to which it belonged. Approximately 50-60 Necessity Certificate applications for cold storage facilities were handled during the year, and approximately ten for ice plants.

q. Defense Plants Corporation Projects

In some instances financing, even with tax amortization privileges, was not available to take care of essential needs in a certain area. In such cases an applicant who would agree to lease and operate the facility was found, and an application and recommendation for Government financing were prepared and forwarded through the proper channels to the Defense Plants Corporation. During the year two cold storage plants, projects totalling 3,000,000 cubic feet, at an estimated cost of $1,700,000, and two ice plants, projects with a total production capacity of 180 tons per day, at an estimated cost of $200,000, were thus processed.

r. Production Goals Committees

Because of the extremely heavy production of various commodities required under the war program, during the past two years the facilities for handling these foods have been strained constantly to the utmost. It has

been only through considerable manipulation that a large spoilage of perishables has been avoided.

It has become increasingly apparent that in planning the production of any commodity more consideration must necessarily be given to the facilities for handling it. This planning must be done not only in terms of the quantity of the commodity itself; some weight must be given the extent to which other commodities might compete for the use of the same facilities.

With this in view, members of the Market Organization and Facilities Division serve also on the Production Goals Committees, set up within the Office of Distribution, for the purpose of giving "concentrated attention to food goals from the standpoint of marketing and distribution problems involved." Since these committees are established on a commodity basis, it was felt necessary to have a representative of the Marketing Facilities Branch act on each committee.

This arrangement makes possible the working towards a better coordinated food program. It is thus possible to determine in terms of the available facilities, the extent to which any given commodity can be stored or otherwise cared for. Through these committees, an effort will be made to fashion the pattern of commodity production so that a maximum efficiency may be obtained in using facilities to care for food to secure a balance among requirements for civilians, Lend-Lease, and our armed forces.

D. HOW THE 1943-44 PROGRAM COULD HAVE BEEN IMPROVED

In taking inventory of the work of the Market Organization and Facilities Division for 1944, we feel that we have accomplished everything possible with our resources. Our staff, although laboring under a terrific backlog of work most of the year, in every way has cooperated to make our programs successful. However, it is readily admitted that we could have accomplished much more that was urgently needed, and could have made our programs much more effective, if our personnel ceilings and budget allotments had permitted.

Prior to July 1, 1943, there was relatively little warehousing work. However, with rapid increases in food production, together with interruptions in orderly out-movements due to the war, this program has grown by leaps and bounds, and has now become an extremely vital part of our war food program. The volume has increased tremendously due to the issuing and administering of food orders, and to the instituting of numerous other programs to alleviate space shortages. Yet no provision has been made in our personnel ceilings to permit hiring people to carry out the program.

Before the end of the first month of the 1944 fiscal year, the cold storage situation became so acute that our first food storage order became necessary. Its administration was added to our work load. Since the order

provided for a permit system of storing restricted commodities in refrigerated facilities, the volume of mail reached 150 to 200 pieces a day, all telephones were used to capacity, files had to be kept, reports made, etc. In order to handle the volume, it was necessary to borrow personnel from market facilities work, thus delaying that program.

In the late fall when the heavy slaughter of livestock seriously congested our freezer facilities, more drastic steps had to be taken to assist in relieving this situation. WFO 90 restricting the use of freezer space for numerous meat items was issued. Like WFO 70, our first order, this order also made use of the permit system and thus again a large volume of work was added.

By March, with record cold storage holdings of perishable commodities and delays in shipping, it appeared that if large scale food spoilage was to be avoided further action must be initiated. Toward this end both food orders were amended. The amendments added a work load more than three times that of the original orders.

During this same period our market facilities program has been rapidly gaining its normal peacetime importance. We are engaged in planning a postwar program for the country as a whole and are actively working on several markets. Many of the large terminal markets that were considering improvements prior to the war are both ready and anxious to go ahead with the work. At present 17 requests are being held in abeyance, which in itself would easily warrant doubling our personnel.. Unless the inidivdual markets are studied, the plans drawn and the program pushed, the opportunity to construct many valuable facilities may be lost. People throughout the country are looking to us for assistance and advice, and the momentum of the movement now is such that these individual projects cannot any longer be postponed. The large number of requests for assistance we are unable to take care of indicates how this program has been affected by personnel limitations.

Although personnel was transferred to order administration from market facilities work, thus reducing our productiveness on that program, at the same time this transfer by no means was adequate to provide effective administration of the food orders. Actually the people assigned to order administration spent most of their time in handling permits, which after all is only part of the administration. At present we have knowledge that a great many people affected by the orders are not in compliance. We have not had people to follow up on commodities reported to us to determine whether such items are moving out as they should. We have been unable to keep the correspondence filed so that it would be accessible for double checking in issuing permits. There has been considerable delay in the granting of permits due to the large volume handled by so very small a staff.

This delay often has caused the applicant to be in technical violation of the orders because of failure to receive a prompt answer to his communication.

This has seriously weakened our position from the standpoint of securing compliance.

The Compliance Branch has been requested to do much checking, and to issue warning letters in many cases properly the duty of the Order Administrator.

Each application should have received careful individual analysis procedure. But we found ourselves because of a limited staff often forced to expedite clearance of requests to store without obtaining all the facts necessary to make an intelligent disposal of the case.

III. DIVISION OF WAREHOUSE SUPERVISION

Until April 22, 1944, this division covered two fields of activity, (1) the administration of the United States Warehouse Act, and (2) the examination of warehouses storing Lend-Lease products. On April 22, 1944, the work in the second category was transferred to the Shipping and Storage Branch.

A. U. S. WAREHOUSE ACT

Inasmuch as the Warehouse Act supervision grows out of the Administration of the Warehouse Act and since licenses issued under this Act are continuous from year to year, if the necessary bond is filed and the Act and regulations observed, the work continues largely on the same lines from year to year and consists principally of supervising licensees to see that they observe the Act and regulations. Each year for one reason or another a number of licenses are discontinued, and on the other hand a number of new licenses are issued. This applies to both warehousemen and samplers, inspectors, weighers and graders.

The purpose of the Warehouse Act is to transform agricultural products while in storage into a form of collateral that will be acceptable to loaning agencies everywhere. The following table presents a comparison of licensed storage capacity as of June 30 during each of the past three years. It shows clearly that some little progress has been made in the way of increased storage space.

Commodity	Licensed Capacity June 30, 1942	Licensed Capacity June 30, 1943	Licensed Capacity June 30, 1944
Cotton	10,234,316 Bales	10,387,853 Bales	10,648,785 Bales
Grain	241,850,185 Bu.	257,696,314 Bu.	260,501,904 Bu.
Wool	39,469,000 Lbs.	50,138,710 Lbs.	78,706,700 Lbs.
Tobacco	359,645,400 Lbs.	148,578,900 Lbs.	116,150,000 Lbs.
Nuts	25,700 Tons	27,000 Tons	19,800 Tons
Broomcorn	14,500 Bales	14,500 Bales	16,750 Bales
Beans	765,607 Cwt.	925,050 Cwt.	1,624,650 Cwt.
Sirup	487,640 Gal.	747,240 Gal.	642,640 Gal.
Dried Fruit	2,922,000 Lbs.	2,922,000 Lbs.	--
Cold-Pack Fruit	6,313,950 Lbs.	6,313,950 Lbs.	6,313,950 Lbs.
Canned Foods	3,780,000 Cases	3,665,506 Cases	3,575,900 Cases
Seeds	546,082 Cwt.	693,302 Cwt.	492,187 Cwt.
Cherries in Brine	9,923,043 Lbs.	12,071,043 Lbs.	7,769,000 Lbs.

As of the close of June 30, 1944, there were approximately 1,325 licenses outstanding in the hands of warehousemen and 3,375 licenses were in effect to authorize persons to sample, inspect, weigh and grade commodities entering these licensed warehouses.

During the year, because of loss in personnel due to the armed needs and inability to secure necessary replacements, it has not been possible to maintain the number of inspections of each warehouse per year that had been set as a standard. Notwithstanding this depletion of personnel, the remaining personnel in some branches has managed to increase the number of units per day per man inspecting, but even so in some areas the number of inspections of warehouses within the areas has dwindled to as little as 60 percent of the standard. However, the quality of inspection has not been lowered, with the result that no losses have occurred in any federally licensed houses. Other warehouse inspection agencies have suffered in the same direction as the federal warehouse supervision. Notwithstanding this decrease in inspection, the fact still remains that the federal warehouse supervision is regarded as the outstanding agency in this field and whenever groups of bankers or warehousemen who are considering warehouse receipts for collateral purposes and methods of improving them assemble to discuss this subject they invariably conclude that the federal supervision service is first in the field. The importance of proper supervision to the war effort cannot be overestimated in that large stocks of foods will be needed during the war and long thereafter, therefore, every effort should be made to protect whatever food products are produced.

During the year considerable attention has also been given to looking ahead with a view to meeting the financing need in connection with the exporting of cotton after the war. Conferences have been held with the largest cotton shipping organization and their warehousing representatives. As a result of these conferences on June 12 regulations were issued which should make possible the financing by commercial agencies of stocks awaiting export, and which should also enable exporters to use federally licensed warehouses and make shipments promptly on a large scale.

B. LEND-LEASE WAREHOUSE SUPERVISION

The supervision in connection with Lend-Lease warehouses demonstrated that many of the warehouses that were in use were not suited for the storage of the products which had been given them. Again, many of the warehousemen operating these warehouses were not competent. They lacked experience in the field, others were underfinanced, and still others had neither proper facilities nor personnel to handle the commodities of the character entrusted to them. In the course of a year adverse recommendations covering as many as 15 to 20 percent of the warehousemen used had been submitted. These recommendations ranged all the way from suggesting that no use be made until conditions were corrected to removal of the products immediately and no further storage contracts entered into with the warehousemen. The inspections further revealed that a great many products were held in storage long after their safe storage period had passed. In such instances immediate disposition was recommended.

IV. TRANSPORTATION CONSERVATION AND INVESTIGATION DIVISION

A. SUMMARY

The past year has seen the largest movement of freight for the longest distances within the continental limits of the United States than for any like period in our history. This statement applies to food and agricultural products with especial emphasis. In the calendar year 1943, the tons of products of agriculture and foods originated by Class I U.S. railroads was 65 percent higher than originations in 1940, while on all freight, including products of agriculture, the increase was 47 percent. In addition to the increase in the number of tons originated, the average length of haul per ton increased substantially. The movement of this tremendous tonnage is an accomplishment for which sole credit cannot be claimed by either the carriers, shippers, or by a single or any combination of Government agencies. The job was done by the carriers in cooperation with the shippers, who helped by loading cars heavier, loading and unloading them promptly, and who contributed in many other ways to the more efficient use of equipment, and in cooperation with Government agencies under the leadership of the Office of Defense Transportation in carrying out a coordinated program through a concentration of effort toward the common goal.

In many directions the available transportation facilities were used practically to their ultimate capacity. The feat was accomplished in the face of problems of manpower and shortages of irreplacable equipment, and yet, to our knowledge, there has not been any loss of food or food products chargeable to lack of transportation. There were times when situations that might have proved very serious were avoided by the use of expedients developed in cooperation with the Office of Defense Transportation and the Interstate Commerce Commission.

The part played by the Transportation Conservation and Investigation Division was to anticipate and measure requirements for the transportation of food products in advance and to work out, in cooperation with other divisions and branches of the War Food Administration and the other Government agencies, the best possible means of meeting the situations that arose. For example, in the spring of 1943 a need for the movement of a minimum of 160 million bushels of grain on the Great Lakes was foreseen, and the joint and persistent efforts of the Office of Transportation and this Division finally resulted in the movement of more than 200 million bushels for the season, while iron ore fell short of its originally announced goal by 10,500,000 tons, or 11 percent.

Again, when it appeared that the demand for the loading of perishables in refrigerator cars in the month of October would out-run the ability of the railroads to supply refrigerator cars, a plan was worked out in cooperation with the Fruit and Vegetable Branch through which about 8,000 carloads of juice grapes that otherwise would have moved fresh in refrigerator cars were diverted to the production of raisins and

crushed for wine on the Pacific Coast. Through this means what had formerly been an October peak was leveled to a plateau of refrigerator carloadings in that month, comparable to September and November.

Through the winter, at the request of the Office of Defense Transportation, we conducted a conservation program with the industries under the jurisdiction of the War Food Administration for the purpose of obtaining a 10 percent saving in transportation equipment use. This was paralleled by an Office of Defense Transportation program with shippers generally, and in addition to the benefits obtained through this appeal, substantial savings were worked out in certain industries in cooperation with special transportation task groups, that will be referred to in greater detail later in this report.

Throughout the year a large amount of time of various members of the staff was given to assistance to the Office of Transportation of the War Food Administration, which upon our recommendation submitted in December, 1943, a request for the construction of 5,000 additional refrigerator cars which it was felt were needed for the movement of perishable foods and food products.

While the policy of the Division has been to endeavor to foresee and avert transportation emergencies, in recognition of the possibility that conditions might arise that would create a greater demand for transportation than available facilities were able to supply, considerable time has been devoted to the preparation of priority or essentiality lists of commodities and services to assure the movement of essential foods.

Such a case was reported in our 1943 annual report when a shortage of gasoline in the northeastern area required the imposition of priorities for trucks engaged in essential distribution.

In the past year we have broadened and perfected those lists and coordinated them with the Office of Defense Transportation Certificate of War Necessity Code, so that they may be used to govern the distribution of tires, replacement parts, and new trucks, in addition to gasoline. At the close of the fiscal year we were giving final clearance to this list for application to the distribution of heavy duty truck tires, which it is expected will shortly be put into use by the Office of Defense Transportation and the Office of Price Administration.

In the summer of 1943 we were informed by the Office of Defense Transportation that the westbound transcontinental movement of traffic had increased greatly and with the prospect of an even heavier movement, we were asked to analyze both eastbound and westbound movements of food and agricultural commodities and submit a priority list which could be used in case of necessity. This was done after clearance with interested agencies in the War Food Administration, and complete arrangements were worked out with the War Production Board and the Office of Defense

Transportation for its application. Fortunately, traffic conditions improved and the list has not yet been employed.

Details of these and other projects are given in the complete account of the accomplishments of the Division which follows.

B. CONSERVATION AND THE DEVELOPMENT OF SPECIAL MEANS OR PROGRAMS TO MEET EMERGENCY SITUATIONS

1. Industry Program for Conservation of Transportation

Mention was made in the summary of this detailed report of the industry program for conservation of transportation undertaken in cooperation with the Office of Defense Transportation beginning November 1, 1943. The Office of Defense Transportation looked upon the winter of 1943-1944 as the probable peak of the rail transportation difficulties because of a combination of heavy traffic and seasonal decline in operating efficiency due to the snow and cold of winter. From that time to the first of March, members of the staff appeared before a large number of industry advisory committees of the War Food Administration and arranged with them for the development of specific programs for transportation conservation in each of the more important industries that moveslarge amounts of freight. These task groups carried out their functions, submitting reports which were later transmitted by us to the Office of Defense Transportation, outlining the special efforts being taken to lighten the burden upon the transportation lines and attain increased efficiency in their use of transportation equipment.

There were other products of this program that resulted in outstanding savings of transportation. The coffee industry committee pointed out that the War Shipping Administration was requiring green coffee moving from South and Central American countries to unload at Gulf ports, even though this coffee was destined to roasters located at North Atlantic ports, including Philadelphia and New York City. This required the movement of coffee by rail from New Orleans and other Gulf ports across the eastern United States to destination. The industry committee was asked to submit a schedule of the amounts of coffee to move from countries of export, designating the ideal ports to which the exports of each country should be directed to avoid unnecessary use of rail transportation. This was done and a meeting arranged with War Shipping Administration officials where the schedule was discussed and various points ironed out. Shortly after this meeting the War Shipping Administration announced a revision of its schedules that would permit meeting the shipper program almost in its entirety. It was estimated that the shift of this coffee from Gulf ports to North Atlantic ports amounted to the movement of 190,000 tons an average of 1400 miles. This is the equivalent of moving 95 train loads of coffee 1000 miles each.

One of the results of the study made by the beer industry committee was an arrangement with brewers for the sale of beer for export for the Army and Navy moved through Pacific Coast ports by mid-western breweries instead of obtaining it from coast brewers, which had formerly been done. This shift in distribution resulted in a saving in transportation of empty bottles and containers equivalent to approximately 500,000 car-miles per month, or 6 million car-miles per year.

Since March our appearances before the Industry Advisory Committees have had the purpose of dealing with specific transportation problems of the individual industry, although we have continued to urge the need for conservation.

2. Program to Improve Use of Transportation by the War Food Administration

The industry campaign was accompanied by a program undertaken in cooperation with the Office of Transportation to improve the use of transportation by the War Food Administration. Among the things done in the War Food Administration to improve the use of transportation and lighten the burden upon the railroads were the following:

(a) The Russian Government was prevailed upon to accept 230 cars of vegetable oil at New York where the oil was stored, instead of moving it from New York to Seattle, where the Russian Government had insisted it be delivered.

(b) Arrangements were made by Commodity Credit Corporation to avoid the light weighing of cars of grain unloaded from ships at California points, which resulted in a substantial saving in car days.

(c) Arrangements were made by Commodity Credit Corporation for the heavier loading of cotton for export at New England warehouses. In typical shipments 105 bales per car were loaded, against a previous loading of 70 bales. To do this, Commodity Credit Corporation had to pay the warehouse extra to top the cotton in the cars.

(d) The Agricultural Adjustment Agency controls the distribution of fertilizer. A program was undertaken in early December to have shipments made as soon as possible to avoid the peaking of requirements in the late winter.

(e) The Agricultural Adjustment Agency also changed its instructions for billing cars of fertilizer to permit the avoidance of circuitous routes by shippers.

(f) Measures taken by the Shipping and Storage Branch included improvements in billing to avoid undue detention of cars loaded by vendors awaiting receipt of billing from the Office of Distribution. A spot check taken at that time to test the routing of cars by the Shipping

and Storage Branch indicated practically no abuses. The routes selected were direct, and only in a very few instances were routes employed that might be considered longer than necessary.

3. Grain on the Great Lakes

In our annual report for the fiscal year 1942-1943, mention was made of the problem of obtaining sufficient shipping to move adequate supplies of grain for flour milling and feed mixing, as well as flaxseed for crushing into oil, from western Great Lakes ports in the United States and Canada to Buffalo and other east-lake ports. The study made in the spring of 1943 indicated a minimum need of 160 million bushels in U.S. vessels, and recommended the movement of 190 million bushels to adequately meet eastern needs for grain for food and feed. It appearing that the amounts that could be moved on the Great Lakes, because of the critical need for iron ore in the war program, would not be sufficient to meet all requirements completely, particularly during the summer months, a committee was set up at Buffalo, New York, comprised of representatives of the flour milling, feed milling, and flaxseed crushing industries, together with representatives of the Agricultural Adjustment Agency and Commodity Credit Corporation, to effect the best allocation that could be made of the grains that might be moved. This problem was a pressing one until the close of navigation in 1943. However, working in cooperation with the Office of Transportation we were able to obtain 19 additional boats for the movement of grain, four of which were large, and with favorable conditions for grain movement toward the close of navigation, it was possible to move a total of 185 million bushels in U.S. boats and approximately 20 million bushels in Canadian vessels, a total of over 200 million bushels for the season.

The converse of the 1943 situation prevails this year. With more boats available and an early opening of navigation, approximately 100 million bushels of grain had moved down the Lakes by June 1. The problem this year is to obtain grain for loading at west lake ports to fill the boats presented for loading. We have worked with the Office of Transportation and the Grain Division of Commodity Credit Corporation in the effort to move just as much grain as possible down the Lakes this year, first because it is needed, and second, because for each million bushels that can be moved by water, the movement of 600 railroad box cars for a distance of approximately 1000 miles is avoided.

One serious problem that has resulted from the heavy movement of grain in 1944 is that of keeping it moving through the elevators so they may receive grain promptly from boats arriving at the port and avoid detention of the vessels. Serious congestion arising in the latter part of April was worked out, and the functioning of the committee in permitting the loading of only as many boats as could be accommodated at elevators at destination has avoided the repetition of that congestion.

4. Barge Movement of Grain on Inland Waterways

In our annual report for 1942-1943 mention was made of an investigation of the possibility of increased movement of grain by barge on the inland waterway system to ease the burden on the railroads. The result of this study was the construction of 50 additional barges programed by the Office of Defense Transportation, adapted to the movement of grain, and a program was worked out with Commodity Credit Corporation for the use of those barges. In the last six months of 1943 Commodity Credit Corporation moved approximately 1,500,000 bushels of wheat from Minneapolis and Chicago to lower Mississippi River and Tennessee River ports by barge, and it is estimated the 1944 movement will be approximately 3,000,000 bushels.

5. Feed Grain from Canada to California

One of the serious feed grain supply problems has been the movement to California. Canadian wheat of feed grade was desired. From December to March we worked in cooperation with the Office of Transportation in obtaining boats through the War Shipping Administration to move approximately 6,000,000 bushels of grain from Vancouver to San Francisco and Los Angeles. Later, when military demands cut the movement to an occasional cargo, arrangements were made with U.S. railroads to supply empty box cars to Canadian lines to return with Canadian wheat. The volume of this movement has varied from 10 to 50 cars per day. Some Australian wheat has been loaded and is now en route for west coast ports, which will meet the deficit created by lack of coastwise shipping.

6. Curtailment of the Juice Grape Movement

In late summer of 1943 it appeared that the demand for refrigerator cars for the movement of perishables in October would be higher than in any previous monthly period. October is normally a peak month for the year, and with the prospective heavy movement, the possibility of cutting the refrigerator car requirements was examined.

There is, in normal years, a movement of 14,000 to 16,000 carloads of fresh grapes from California to the central and eastern United States during October. A program was worked out in cooperation with the Fruit and Vegetable Branch for the diversion of all available raisin type grapes to be dried for raisins and for the crushing in California wineries of a large amount of juice grapes that ordinarily move fresh to the East. Fortunately, the shortage of boxing materials lent urgency to the program, with the result that for the season of 1943 there was a reduction of approximately 9000 carloads of juice grapes moved from California, most of which was in October.

Further assistance was given by the broadening of the drying program for peaches, apples, and other fruit, with the result that October

loadings in refrigerator cars instead of peaking, as in usual years, maintained substantially the level of September and November. We feel that this diversion of juice grapes averted what would otherwise have been a very serious refrigerator car shortage in that month.

7. Canned Goods in Refrigerator Cars

A special study was made of the movement of canned goods which ordinarily move in refrigerator cars between the first of October and the 30th of April, to determine the feasibility of restricting the shipments in refrigerator cars to the period November 1 to March 31.

A check was made of seasonal temperatures of past years at key points throughout the Central and Western States, as a result of which it was possible to recommend to the Office of Defense Transportation that canned goods be required to move in box cars up to November 1 on and south of a line running roughly from the northern border of California directly east to Chicago. Action was subsequently taken by the Interstate Commerce Commission which substantially followed the lines of this plan, to free refrigerator cars for other essential uses.

8. Circuitous Routing

A study made in connection with our industry conservation program indicated that current movements of many commodities were taking place under routings which ranged as much as 90 percent longer than direct practical routes. A recommendation was thereupon made to the Office of Defense Transportation that an order be issued limiting the amount of permissible circuity on all commodities to 30 percent. The Office of Defense Transportation was somewhat apprehensive that such an order might tend to channel unusually heavy traffic movements along the direct routes, and thus cause congestion, and undertook an independent study from a check of waybills during one week in January, 1944. We have not been informed of the results of the Office of Defense Transportation investigation, nor has any action been taken to limit circuity up to the present time.

9. Grain from Canada by Rail

In September, 1943, officials of the War Food Administration became apprehensive that existing wheat supplies in the United States were being exhausted at a dangerous rate. With the record livestock and poultry population in the country, unusually large amounts of wheat were being consumed for feed. As much wheat was being imported from Canada over the Great Lakes as available snipping allowed, and it was considered essential that as much as 40 million bushels of wheat be imported by rail from Canada in addition to the amount to move by water. The arrangements for this movement were conducted by the Office of Transportation of the War Food Administration with our assistance. Repeated conferences were held with officials of the Association of

American Railroads, Office of Defense Transportation, Interstate Commerce Commission, Commodity Credit Corporation, The Office of the Transport Controller for Canada, The Canadian Wheat Board, The Canadian Shipping Board, and officials of Canadian railroads.

Demands upon the Canadian roads for their own transportation were so heavy that they could not permit any substantial number of box cars of Canadian roads to be used to get this wheat into the United States after purchase by the Commodity Credit Corporation. The Office of Defense Transportation and the Interstate Commerce Commission refused to authorize the delivery of cars owned by U.S. roads empty to Canadian lines for grain loading until after the unusually heavy movement of spring wheat from the Northwest had been taken care of. This seriously delayed the start of the program, which did not get under way in volume until January, when it was possible to send an average of 200 cars per day to Canada for return with Canadian wheat. The movement continued in varying volume until May 15, when it was discontinued because of the urgent demand for grain cars for the new winter wheat crop, of which harvest was commenced in June. The program was later broadened to include oats. In total, 25,000 cars of Canadian grain were imported through the medium of this arrangement. This is equivalent to approximately 45 million bushels.

C. PRIORITIES

1. Priorities on Gasoline, Tires, and Parts for Motor Trucks

Our annual report for 1942-1943 referred to the certification of a priority list for motor trucks to the Office of Defense Transportation in the spring of 1943, when gasoline supplies on the eastern seaboard were at a critically low level. The controls then initiated by the Office of Defense Transportation have been modified from time to time as improvement in the gasoline supply permitted.

Anticipating an eventual shortage of tires and replacement parts for trucks, we have cooperated with the War Production Board in the preparation of a single joint priority list to cover motor truck services and commodities.

Five categories of essentiality were set up. No. 1, the highest rating was applied to essential sanitary, police, fire fighting activities, and for certain military uses. Class No. 2 included all perishable food and agricultural products, except melons; with grain, cotton, wool, and certain other commodities in Group 3. Groups 4 and 5 embraced things less essential to the diet, such as coffee, tea, beverages, melons, and like commodities. The essentiality list as prepared was correlated with the Certificate of War Necessity Code of the Office of Defense Transportation, so that it might be readily interpreted and understood by the field organizations of that agency and the Office of Price Administration familiar with application of the Code.

Shortly before the close of the fiscal year, we were informally notified by the Office of Defense Transportation that they expect formally to request the War Food Administration and the War Production Board to submit such an essentiality list to govern the distribution of heavy duty tires, of which there is a critical shortage. The list at hand having been developed for that specific purpose, steps were immediately taken to have it cleared with the Commodity Branches in the Office of Distribution, and at the close of the fiscal year most of this clearance had been obtained. Upon receipt of the formal request from the Office of Defense Transportation, the list will finally be cleared with other interested agencies of the War Food Administration and submitted for signature of the War Food Administrator.

2. Priorities on Transcontinental Rail Traffic

Our last annual report mentioned the development of a priority list for application to the movement of transcontinental traffic by rail, in anticipation of congestion on lines operating to and from the Pacific Coast, which we had been warned by the Office of Defense Transportation might be expected.

Work on this list was continued into the fiscal year and was completed ready for use before October 1. In addition to the list, procedures had been worked out and agreed upon by the Office of Defense Transportation, War Production Board, and War Food Administration under which applications for relief from hardship were to be submitted to us on commodities under jurisdiction of the War Food Administration and to the War Production Board on others, for recommendation as to approval or disapproval of the request.

Fortunately, the construction of additional railroad terminals and passing tracks, and diversion of traffic from congested lines, made it possible for the railroads to handle the volume of traffic which had given concern to the Office of Defense Transportation, and the list has not been employed up to the present. It may yet have to be used in the event of a major drive in the Pacific which would require the movement of a heavy volume of freight and troops, or if an unusually severe winter should bring the operating ability of the railroads to the breaking point.

D. FORECASTS AND INVESTIGATION OF TRAFFIC MOVEMENTS

The foundation of much of the work of the Division is the accurate prediction in advance of the volume of traffic movement anticipated in the marketing of the important foods and fibers. Limited personnel has not permitted the complete forecasting of all commodities over which the War Food Administration has responsibility, and the effort has been to concentrate on those where the likelihood of trouble was greatest, such as in the movement of livestock, perishables which require the protection of refrigerator cars when moved by rail, and fats and oils which move in tank cars, the supply of which has been extremely limited.

1. Refrigerator Cars

Beginning in the closing months of 1943, we have prepared forecasts of traffic movements of commodities that require refrigerator cars so that combinations of unusually heavy movements of different commodities that might cause trouble could be foreseen. Gradually extending the period of these estimates, we are now making firm forecasts up to three months in advance, with tentative forecasts up to six months in the future. Each month these forecasts are revised to reflect changes in crop or industrial prospects and distribution made to officials of the Office of Defense Transportation, the Interstate Commerce Commission, and interested persons in the War Food Administration and the War Production Board. The preparation of these statistics requires separate analyses of movements of fruits and vegetables, meats and meat products, butter, cheese, eggs, margarine, dressed poultry, beverages, canned cheese, canned milk, and canned foods other than milk and cheese. As our experience with these forecasts has grown, a very satisfactory degree of accuracy has been attained. The latest month for which we have a check revealed less than 2 percent variation between our forecast and the amount of traffic actually moved.

2. Fats and Oils

During the year just closed studies have been continued on location and activity of the various types of processing plants in the fats and oils industry, based upon figures secured from the Commerce and Interior Departments. This data reveals the monthly production figures of the various animal and vegetable oils. For the first time the maximum monthly production figures of the crushers, refineries, and hydrogenating plants throughout the industry for a complete year are assembled and tabulated, thereby giving us definite information as to the seasonality of the industry. The study reveals where each oil is produced, when it is produced, and the quantity. This information will be invaluable should our transportation situation reach that point where allocation of tank cars becomes imperative, which now appears as an immediate possibility. But before reaching this point, the information sheds light on the appraisal of the efficiency of current transportation practices in the industry, since it is now known where production is located. When this data is studied, together with the information gleaned from the study of that available on Form ODT-PLT-131, to be described later, it becomes possible to chart the movements of the various oils and to appraise with some degree of confidence the economic efficiency of such transportation.

Office of Defense Transportation--Petroleum and Other Liquid Transport--131 Reports

The ODT-PLT-131 reports cover the origin and destination of all tank car shipments of vegetable oils and packing-house products. The assembly, tabulation, and study of these data make possible the mapping of the

monthly transportation pattern of the industry by States, as well as the determination of the number of carloads moved in the industry by months throughout the year. For the first time reliable data are available on the shipments of the various vegetable oils and packing-house products that move in tank cars, where those shipments originate, what they are, where they go, and the amount of each product moved. These data were first collected on October 15, 1943, and hence are not yet available for the appraisal of the seasonal changes in the transportation pattern of this industry.

In the extremely tight tank car situation prevailing currently, this information, which has been supplied to the Fats and Oils Branch, is basic in arriving at the maximum number of tank carloads of vegetable oils and packing-house products which must move if the industry is to function normally and do its part in the war program. Unfortunately, equally definite information on the turnaround time of tank cars in this industry is not available, and hence it is impossible to find with exactitude the number of cars that must be available to move these products if the industry is not to suffer. Nevertheless, with definite information at hand as to the number of tank carloads of vegetable oils and packing-house products that move monthly, and with available estimates of the turnaround time, estimates have been made and cars have been released by the Fats and Oils Branch to other uses without serious injury to the industry.

Another important aspect of the study of the reports herein mentioned is the reduction of the information gathered to maps and the graphic presentation on a monthly basis of the transportation pattern of the industry. This study, while revealing less waste of transportation than might have been anticipated, did disclose certain uneconomic hauls and indicate where some economies in transportation might be effected.

3. Livestock Trucking

The gradual wearing out of the trucks used in the transportation of agricultural products is viewed with increasing concern, and the high crop goals of the current year further aggravate the already serious situation.

This problem is being approached from various angles, one being a study of the drive-ins of slaughter livestock. Data beginning in January, 1942, and continuing to the present are being carefully surveyed covering the drive-ins of cattle, calves, hogs, and sheep and lambs, with the hope that the shift from truck to rails may be determined, the probable shift in the next year forecast, the ability of the trucks to carry what cannot be shifted appraised, and the resulting burden on the rails that the shift must entail determined.

The entire country has been divided into regions and the drive-ins at the markets of each region are being studied in an effort to determine whether the retirement of trucks and the consequent shift to rails is progressing

uniformly or unevenly, hoping thereby to have adequate background information to assist materially in deciding where the situation is the most extreme and where assistance is most imperatively needed, in the event that the trucks prove to be over-burdened and unequal to meeting the demands of the season.

4. Analysis of Refrigerator Car Construction Program

The refrigerator car situation is tight, and at certain times in the past year it has been critical. With the high crop goals of the current year and the shift on long hauls from refrigerator trucks to rails, there is considerable concern about the ability of the present supply of refrigerator cars to move the crops that are now growing.

In order to determine with exactitude the rate of retirement of refrigerator-cars and the number of cars now available in the United States, a careful study was made of the Railway Equipment Register beginning January 1, 1942, and continuing through the latest released number. Figures are available on a quarterly basis and the study breaks the number of refrigerator cars down among the kinds of cars, whether assigned to freight or express service, and as to ownership.

In the interest of brevity, no attempt will be made to summarize the findings of this study other than to say that from October 1, 1942, to October 1, 1943, when only 9 refrigerator cars were built, 1644 cars were retired, leaving 144,535 refrigerator cars owned in the United States, including approximately 5,000 in shops for repairs.

Having acquired the basic data on the number of refrigerator cars in service and having examined the records of previous years to determine an average number of retirements per year, this information is now (at the close of the fiscal year) being correlated with our forecast of refrigerator car movements for the remainder of 1944, and an estimate of the quarterly requirements for the first six months of 1945 to serve as the basis for a request of the Office of Defense Transportation and the War Production Board for the development of a program for the building of an adequate number of new refrigerator cars to meet those prospective requirements. A final determination of what number will be asked has not been made, but present indications are that it will be in the neighborhood of 10,000 new cars.

5. Eastbound Transcontinental Movement of Fruits and Vegetables

A special study was developed presenting a statistical picture of carlot shipments of fresh fruits and vegetables to move under refrigeration from the Pacific Coast States during the months of May, June, July, and August, 1944, copies of which were sent to Mr. C. W. Taylor, Manager of the Refrigerator Car Section, Association of American Railroads in Chicago, who is joint agent for the Office of Defense Transportation and Interstate Commerce Commission, and to the Car Service Division of the Interstate Commerce Commission for guidance in the distribution of refrigerator cars to handle the movement.

6. Studies of Zoned Distribution

Since the beginning of the war there has been considerable discussion in Government and transportation circles of the advisability of controlling or zoning the distribution of commodities in order to save transportation. The War Production Board initiated its Haulage Conservation Order T-1, under the broad provisions of which it was intended that there would be created and set up specific zoning of distribution plans for individual commodities. Shippers and industry have seriously opposed such compulsory controls. A year ago the War Production Board was vigorously engaged in trying to get as many industries under zoning plans as possible against this opposition. The Office of Defense Transportation, while urging transportation conservation in a general sense, was reluctant to approve specific zoning plans. The War Production Board actively urged upon us the zoning of distribution of commodities under the jurisdiction of the War Food Administration, such as fats and oils, various types of fruits and vegetables, beer, flour, and other commodities.

The position taken by the Office of Transportation, with the approval of the War Food Administrator, was that the War Food Administration would take no steps to enforce the compulsory zoning of distribution unless and until formally notified by the Office of Defense Transportation that such steps were necessary. This position was largely influenced by the effect upon the attainment of established production goals, if such control of transportation should (as it probably would) result in lower prices for farm products at established markets through limitations upon the available outlets for a given crop.

The views of the War Food Administration were conveyed to the Office of Defense Transportation and the War Production Board, and up to the close of the fiscal year, the Office of Defense Transportation had not informed the War Food Administration of the necessity for the zoning of distribution, set out by the Administrator as a precedent to War Food Administration action.

Nevertheless, it was considered advisable (as time and personnel permitted) to analyze the distribution of commodities moving in volume from which it was believed substantial saving might be derived in case such a program were found necessary.

Consequently, preliminary studies were made on the following:

Oranges	Apples	Carrots
Grapefruit	Canned goods	Onions
Mixed Citrus Fruit	Potatoes	

Flour. In connection with one industry program, a transportation task group of the Flour Milling Advisory Committee made a special study and

report on the movement of approximately 285,000 carloads of flour shipped in 1943. Conclusions drawn from that study were that the cross-hauling of flour is small, and did not warrant further attention.

Beer. Our last annual report referred to the study of the transportation of beer begun when the Beverage Branch was a part of the War Production Board. Those studies were further developed after the Beverage Branch was officially transferred to the War Food Administration July 1, 1943, and a number of meetings were held with representatives of the brewing industry in an effort to have them voluntarily agree to a plan which would save a large amount of transportation in the national distribution of malt beverages. The industry seriously resisted zoning and suggested as an alternative the fixing of quotas in terms of car-miles, for each manufacturer, to be a given percentage less in each quarter than the amount of car-miles used in the same quarter of the previous year. It was stipulated, however, that the brewing industry would voluntarily undertake such a program only if the same or some similar plans were applied to shippers generally. The brewers' conclusions were submitted to the Office of Defense Transportation, but have never been acted upon because of the impasse in the imposition of zoned distribution upon industry.

We have continued to study the movement of beer with particular relation to its use of refrigerator cars, and have advised with the Office of Defense Transportation and the Interstate Commerce Commission on different occasions in the past year when the industry was asked to use box cars instead of refrigerator cars for beer movements, and upon occasions when the use of refrigerator cars for beer was prohibited for short periods.

7. Special Study of Ice Requirements in the South

At the suggestion of the Chief of the Marketing Facilities Branch, who had in mind the serious shortage of ice for the icing of refrigerator cars in the summer of 1943, a comprehensive survey was made in the spring of this year of estimated ice requirements for the movement of carlot shipments of fresh fruits and vegetables and other perishable commodities from ten States in the South and Southeast during the months of May, June, July, and August, 1944. Giving due consideration to the increase in ice manufacturing capacity and the seasonal storage capacity over last year, and the increased amount of ice in store in preparation for the heavy demands of the summer months, it was concluded that there should be no concern over a shortage of ice for car refrigeration for the movement of crops from the involved area this summer. It was found that manpower difficulties would probably create local shortages that would have to be met by the transportation of ice from outside areas. This, however, is not an abnormal condition and it was felt that the over-all situation was satisfactory. This report was confidentially circulated to interested branches of the War Food Administration and to the Ice Manufacturers Association, with the understanding that there would be no distribution or release of information contained in the report.

8. Office of Defense Transportation Traffic Forecasts

Shortly after it was created, the Office of Defense Transportation undertook the monthly forecasting of principal commodity movements in order to anticipate traffic trends and be prepared to act wherever indications disclosed the probability of difficulty in rail transportation. The foundation of this forecast was in the submission of monthly reports from large shippers of various commodities stating their expected requirements for the following month, compared with shipments of the same month in the previous year. Experience with the shippers' estimates disclosed, however, marked inadequacies in the sample on many commodities, among which were grains and livestock. The Office of Defense Transportation, therefore, sought assistance from other Government agencies, including the War Food Administration, in interpreting the shippers' estimates, and advice as to traffic trends of commodities under the jurisdiction of the War Food Administration. An Inter-Agency Forecast Committee was set up, of which the Chief of this Division is a member.

It immediately became apparent that the shipper sample on the commodities mentioned was wholly inadequate and misleading, and we thereupon undertook to make our own interpretations of the trends of movement in these fields and to advise the Office of Defense Transportation of our own estimates of their movement, which are accepted by the Office of Defense Transportation in connection with the forecasts.

For advice on livestock we sought the assistance of a livestock transportation expert in the Bureau of Agricultural Economics, an authority on livestock transportation. To assist in arriving at a forecast on grain, we have set up in the Division procedures which include analyses of current receipts of various types of grain at primary markets, amounts in store at terminals and sub-terminals, weekly flour production by regions and for five important milling centers, with the rate of flour mill activity in comparison with the production and activity of 1942 and 1943, together with other pertinent detail used in analyzing current trends and predicting future monthly movements.

E. MISCELLANEOUS ACTIVITIES

1. Report of the War Food Administrator for the Office of Economic Stabilization

During the year an elaborate report on the War Food Administration food program and related activities was submitted by the Administrator to the Director of the Office of Economic Stabilization. The section of that report dealing with transportation was prepared by this Division, including recommendations made for improvement of transportation facilities considered essential. Among these was the recommendation that a program be undertaken for the construction of at least 5,000 new refrigerator cars to handle perishable traffic.

2. Production Goals for 1945.

In the preparation of the planned production goals for 1945 crops, the Director of the Office of Distribution considered it advisable to have crop requirements analyzed in the light of transportation, storage, and processing facilities expected to be available for their handling.

In this work the Transportation Conservation and Investigation Division is charged with the analyses of transportation facilities and the submission of appropriate recommendations, where necessary, to bring production goals in line with the transportation facilities available for the movement of the particular commodities or group of commodities concerned. Individuals on the staff have been appointed as members of commodity goal committees for feed grains, wheat, rye and rice, vegetables, fruit, and oil crops.

In preparation for this work a study was begun some time before the end of the fiscal year to determine the loss of truck transport capacity now taking place through the wearing out of trucks, and other factors bearing upon deterioration of truck services.

While the railroads are in a position to absorb some diversion of freight from trucks, motor truck transportation must be relied upon for certain types of hauling, and it is therefore imperative that such truck services be maintained. In this project, as a first approach, an attempt is being made to determine the gross or total truck carrying capacity by States from data furnished by the Public Roads Administration. These data are then analyzed in conjunction with truck inventory data assembled by the Highway Traffic Advisory Committee of the Public Roads Administration for the War Department.

Conferences have been held with representatives of the War Production Board and the Office of Defense Transportation, and it is expected by means of other methods planned, the results of the investigation can be checked and new information added to either substantiate or correct the preliminary appraisal of motor truck facilities. It will then be our purpose to break down the utilization of truck capacity according to usage, kinds of business, and for over-the-road categories principally to the fullest extent that this information can be developed.

3. Administration of Transportation Orders

The administration of War Production Board Order No. T-1, as applied to molasses, syrup, and vinegar, has been handled by us throughout the year, and careful checks on the movements of these commodities have been maintained, with the result that very little transportation has been used uneconomically in these shipments.

During the earlier part of the year corn syrup also moved under T-1, but on January 13, 1944, the wet corn millers began operation under Transportation Request No. 2, known as TR-2, which grants protection from the

anti-trust laws when customers and facilities are exchanged among members of the industry with the purpose of saving transportation. Soon after this arrangement was completed, and the wet corn millers cooperated so willingly and effectively in the saving of transportation, it was decided to relieve them of the trouble of reporting further under T-1, and accordingly corn syrup was removed from this order.

At the close of the year the wet corn millers are making exchanges of customers and reporting their exchanges, as prescribed by the law, with the result that transportation is being conserved.

4. Assistance to the Director of the Office of Transportation

During the past year three men have held the office of Director of Transportation. The Director of Transportation has no staff outside of secretarial assistance. In many ways the Transportation Conservation and Investigation Division has served as a staff for him, developing information on commodity movements, giving counsel and assistance on transportation problems, and undertaking specific assignments at his request. Consequently, a large amount of time and work have been devoted to the Office of Transportation in the past twelve months.

5. In its activities of the fiscal year embraced in this report, the Transportation Conservation and Investigation Division was rendered substantial assistance and advice by members of the staff of the Transportation Rates and Services Division of this Branch, and acknowledgment is made of their cheerful cooperation.

F. SHORT-COMINGS OF THE 1943-44 PROGRAM

In reviewing the work of the Division over the past year, we are conscious of the fact that the work done has been rather severely limited by the size of our staff. Some of the investigations that have been undertaken have required a great deal of research and development of primary statistics of a complex nature. In order to do the best job on such a project, the individual responsible for the work should not be burdened with too many other activities, so that he may give a substantial amount of undivided attention and concentration to the problem.

This has not been possible with our present limited force. The time of a number of the members of the staff has been devoted to a wide variety of duties, illustrated by the preceding account of last year's performance. Further, such a dispersion of energies prevents a desirable degree of specialization in certain types of work. We have tried to develop this specialization in fields where the most serious problems of transportation are expected, but we are left vulnerable in many other directions.

Specifically, we recognize that our activities in the transportation of grain and grain products have not been adequate. These constitute an important segment of the transportation of farm products, yet in meeting problems dealing with grain and grain products, we have had to rely upon

assembling, at the moment, whatever data had been acquired by other agencies of the War Food Administration for wholly different purposes. Because these data were for other purposes, they have not often supplied the information we require. If we expect to do the right kind of a job, we should have the ability to acquire the information regarding grain traffic movements in form that will meet our needs.

The same situation applies with respect to the movements of livestock. Livestock marketing is a field of its own, and one that is of first importance to the war food program. So far the railroads have been able to absorb the additional load placed upon them by reason of the deterioration of trucking services, but that deterioration proceeds steadily, with a critical tire shortage facing us now. We have under way a study of the decline in the marketings of livestock by truck for the United States, and examination of the study brings the realization that we have only scratched the surface. The marketing of livestock is not one nation-wide problem. It is a combination of 15 or 20 regional problems, varying according to type of livestock, degree of concentration of production, seasonal movements and markets. This work should be broadened and intensified.

At the present time there is a serious shortage of tank cars, and every indication points to a like condition in refrigerator cars during the coming fiscal year. These will be aggravated by the impending shortage of heavy duty tires for motor vehicle transportation, particularly important in the marketing of fresh fruits and vegetables in many areas. Our present staff should be substantially augmented if these problems are to be met.

It should be understood that transportation emergencies must be dealt with immediately upon their development, and it is not enough to wait until the emergency develops before giving thought to what may be done. It must be anticipated and the traffic load estimated in advance, in relation to the current transportation facilities available, which requires the preparation of advance estimates of traffic movements in considerable detail.

A few months ago we were called upon to assist in the determination of crop production goals for 1945. Our job is to take the requirements set by the Commodity Branches and the Civilian Food Requirements Branch, translate them into transportation requirements, and submit recommendations with respect to the adequacy of transportation facilities to handle the prospective marketing goals. Members of the staff have been appointed on commodity goal committees for feed grains, wheat, rye, rice, vegetable, fruit, and oil crops. It now seems evident that our recommendations as to the adequacy of the transportation facilities for handling many of these commodities will have to be based upon general studies already made, tempered by our experience in the handling of crops of 1944 and past years. We will not be able to make the detailed commodity studies we should like in order to feel thoroughly grounded in the recommendations expected of us in this highly important feature of the war food program. Looking toward 1945 and the establishment of crop goals for 1946, we believe that the importance of the subject justifies the development of a special program for this purpose, which is, of course, out of the question with our present budgetary and personnel ceiling limitations.

V. TRANSPORTATION RATES & SERVICES DIVISION

A. FOREWORD

The Transportation Rates & Services Division was originally formed in 1939 to administer the provisions of Section 201 of the Agricultural Adjustment Act of 1938. This law gave the Secretary of Agriculture authority to make complaint to the Interstate Commerce Commission with respect to the rates, charges, tariffs, and practices relating to the transportation of farm products whether by rail, water, motor carrier, or other means of transportation. The same law authorized the Secretary to cooperate with and assist Cooperative Associations of Farmers in making complaints to the regulatory bodies with respect to the same items heretofore mentioned.

The Secretary is likewise authorized to appear before the Interstate Commerce Commission in cases involving the transportation conditions surrounding the farm products on the same basis as private parties and he is further authorized to carry unsatisfactory decisions to the courts if necessary.

On February 1, 1943, the administration of the 28-Hour Law was transferred to the Division. This law (Public No. 340) is designed to prevent cruelty to animals while in transit by railroads or other means of transportation in interstate commerce. Under the provisions of the law, carriers of live stock are prevented from confining such live stock in cars, boats, or vessels for a period longer than 28 hours without unloading them in the humane manner into properly equipped pens for rest, water, and feeding for a period of at least 5 consecutive hours. The 28 hour confinement provision may be extended to 36 hours on written request of the owner or person in custody of any particular shipment.

With the advent of the war, the duties and assignments of the Division increased and became varied in character. Advice and counsel of the various members of the Division were increasingly sought by other Branches of the Department and the War Food Administration, as well as Government Agencies such as the Office of Price Administration, War Production Board, Interstate Commerce Commission, Office of Defense Transportation, Foreign Economic Administration, etc. Most of the advice sought was in connection with physical movement of agricultural products, raw and processed, and as to the freight rate structure under which such commodities presently move.

Many of the projects handled during the past fiscal year have resulted in considerable savings in transportation costs to producers and processors of agricultural products. At the same time, many assignments were handled which reduced the cost of transportation to the War Food Administration and, therefore, lessened the financial burden of carrying on the war.

B. 28-HOUR LAW ENFORCEMENT

Because of congested conditions on the railroads, due to wartime traffic demands, former existing schedules of live stock trains were, in a great many cases, disrupted or abandoned, and the number of violations of the 28-Hour Law have increased with a resultant upswing in a number of cases reported for prosecution in the courts.

During the fiscal year 2,138 reports of apparent violations of the law were received. Investigations were completed in 1,736 cases. 795 cases were sent to the Solicitor for prosecution by the United States Attorneys in the various districts, and 365 cases are now in the course of preparation for similar handling.

310 cases have been disposed of by the courts and penalties aggregating $53,600 were imposed on the railroads. As of June 30, 1944, 773 cases were pending in the courts, 108 were in the Office of the Solicitor awaiting transmittal to the United States Attorneys, 458 cases were under investigation, and there were 372 reports of violations on hand which had received only a preliminary review.

C. ACTIVITIES DIRECTLY AFFECTING PRODUCERS

With respect to our activities under Section 201 and other assignments growing out of the war, this report is broken into two divisions. First - those activities directly affecting producers of agricultural commodities and second - those affecting primarily the shipping programs of the War Food Administration.

As an indication of our activities under the first heading, the Division participated before the Interstate Commerce Commission in 16 formal complaints, 21 investigation and suspension dockets, and 12 finance dockets, all of which involved rail carriers. We also participated in 2 formal motor carrier proceedings and 4 investigation and suspension proceedings involving motor rates. In addition to the latter, we participated in 7 motor carrier cases involving intrastate rates, rules, and regulations before State Public Service Commissions. Finally, we participated in one investigation docket before the Maritime Commission involving wharfage charges. This makes a total of 63 cases before Governmental authorities in which we took an active part.

It has always been our desire and aim to negotiate rate adjustments with carriers whenever possible without bringing them to litigation. This method is always quicker and cheaper, and the benefits therefrom accrue to producers at a much earlier date than otherwise. During the fiscal year 1943-44, we negotiated 56 such adjustments on twenty separate agricultural commodities.

During the year we were called upon by other Branches and Divisions of the War Food Administration to furnish approximately 12,300 separate rate

quotations covering practically every commodity produced and shipped by the farmers. Some of the cases illustrative of our work are described below.

1. Ex Parte 148, Increased Rates and Charges

Probably our largest contribution to the producers of agricultural commodities was our participation in Ex Parte 148 - Increased Rates and Charges, 1942. This proceeding before the Interstate Commerce Commission resulted from a petition by the railroads for authority to increase their freight rates generally 10 percent to offset wage increases granted railroad employees by the President's Emergency Labor Board. As a result of the decision in this case, carriers were allowed increases of 6 percent on processed agricultural commodities, and 3 percent on basic agricultural products.

Shortly thereafter, it appeared from the financial reports of the railroads that the increased rates together with the increased tonnage being transported, because of the war, were resulting in revenues far in excess of anyone's expectations. Therefore, this Division interested several Governmental agencies in the possibility of petitioning the Interstate Commerce Commission to vacate its order permitting the increased freight rates temporarily or permanently. Acting upon those petitions, another hearing was held and the increased rate order was suspended until December 31, 1943. Subsequently, the order has been further suspended until June 30, 1944, and again until December 31, 1944. It has been variously estimated that the action taken resulting in the suspension of these increased rates has saved approximately $75,000,000 annually on the freight bill of agriculture.

Following the action taken by the railroads, as related above, motor carriers of the United States went to the Interstate Commerce Commission for permission to increase their freight rates by 10 percent likewise. Several hearings were had in connection with these rates in various parts of the United States at which the Division appeared and entered testimony and evidence. As a result, the motor carriers were only permitted to increase their rates 4 percent. There is no way of estimating the savings to agriculture involved in these cases.

2. Returned Used Wooden Containers

Due to depleted supplies of wooden containers used in the shipment of fresh fruits and vegetables, it was believed necessary and expedient to ask the railroads to publish reasonable freight rates on used containers which could be returned from consuming centers to the producing areas in the South, Southwest, and on the Pacific Coast. After a great deal of negotiations with the railroads involved, we finally succeeded in having published a very reasonable rate on such containers when returned in box cars or refrigerator cars.

For the benefit of the Southern and Southwestern producers, the Class 23½ rates are now applied on traffic originating in the Northern and Central States, and for the Pacific Coast producers rates of $1.50 per cwt., apply from Chicago, and $2.00 per cwt., from the territory East of Chicago.

It has been estimated that based on four months experience, approximately 3,000 carloads of returned containers will move to the South; 2,400 to the Southwest, and 2,400 to the Pacific Coast during 1944. It is also estimated that based on previous rates as compared with the present rates, the Southern producers will save $227,300; the Southwestern producers $38,280; and the Pacific Coast producers $168,000 - a total of approximately $433,580 plus the ability to obtain containers wherein to pack and move their products. Similar negotiations are now under way to obtain more equitable rates for re-used empty wooden egg cases.

3. Half Stage Refrigeration

After several years research, the Bureau of Plant Industry, Soils and Agricultural Engineering developed that a system of half stage refrigeration service on fresh fruits and vegetables would not only save producers a considerable amount of money but would also transport the majority of those commodities as efficiently as full bunker refrigeration. Half stage refrigeration is the placing of ice in only the upper halves of bunkers of refrigerator cars on gates or staging built into the cars for this purpose.

The Bureau approached this Division with their findings and a member of our staff accompanied members of the Bureau on three transportation tests from California to New York City. Convinced of its merits, a proposal was drawn up here in the Division and submitted to the railroads for publication. Our suggestion as to rates to be charged for this service amounted to approximately 75 percent of the full bunker refrigeration charges. In the meantime, a very serious shortage of ice occurred in the Southern and Southeastern States and our half stage refrigeration proposal was brought to the attention of the Interstate Commerce Commission. They issued an order obliging the railroads to publish reasonable rates, rules, and regulations for the furnishing of half stage refrigeration. When the tariff was published, the charges were based on 90 percent of the full bunker refrigeration rates which was too high to permit a free use of this service by shippers. Suspension of this publication was requested, and after hearings before the Commission, the carriers were finally ordered to publish charges for ha lf stage refrigeration service based on 78 percent of the charges for full bunker refrigeration service. If this service is universally used by shippers where refrigerator cars are available equipped for half stage refrigeration service, producers and shippers can save up to $2,250,000 annually.

4. Car Rental Charge in State of Maine

For many years the railroads serving the State of Maine and handling perishable freight, particularly potatoes, have assessed a charge of $5.00 per car, per trip, for the use of refrigerator car equipment. This is the only section of the United States in which such charges are now made

and in a normal production year, the cost to producers and shippers of potatoes, amounts to approximately $200,000.

The Division has been trying for some time to have this charge eliminated without litigation but all our efforts have met with intense opposition on the part of the railroads involved. Since the War Food Administration has become a large purchaser of potatoes in Maine as well as other sections of the United States under the Price Support Programs, it has also been called upon to pay this car rental charge. Therefore, a formal complaint was filed with the Interstate Commerce Commission on June 30, 1944, attacking the validity of this charge and requesting its elimination. If this complaint is successful, the benefits therefrom will accrue not only to the War Food Administration itself, but also to all the growers and shippers of potatoes or other fruits and vegetables in the State of Maine.

5. Motor Carrier Rates on Livestock

The motor carriers operating within the State of Oklahoma filed a petition with the State Corporation Commission for authority to increase their intrastate rates, including an increase of 25 percent from the live stock hauling rates.

At the request of producers and producer organizations, the Division appeared in this case and secured a compromise whereby the applicant motor carriers eliminated livestock from the original petition.

6. Wool Rate Investigation

The Division has been carrying on for sometime an investigation into the general level of the rates on wool in the United States. It has been concluded that these rates are too high as compared with like commodities, and it was decided to initiate litigation before the Interstate Commerce Commission to have these rates adjusted.

The support of the wool producing, shipping, and receiving organizations has been enlisted and it is expected that the Interstate Commerce Commission will either investigate these rates on their own motion or failing that, a formal complaint attacking all the wool rates from, to, and between all points in the Continental United States will be filed.

In order to properly present this case, it has been necessary for one or more staff members to devote their time almost exclusively to this work for approximately two years.

7. Railway Abandonment

For the last several years, particularly since the start of the war, railroads have been actively requesting permission from the Interstate Commerce Commission to abandon parts of their lines which have not, under normal conditions, shown revenue returns sufficient to warrant continuance of operation. In a good many cases, the lines proposed to be abandoned have

served agricultural territories, and such abandonment would leave the producers of agricultural products without means of transportation except by motor truck to other lines of railroad.

We have actively investigated each of these requests for abandonment and where such action would cause serious inconvenience or out of pocket costs to producers, we have opposed them by appearing at the various hearings and submitting evidence.

Some of the more important cases in which we have successfully prevented abandonment are:

The Chicago, Burlington and Quincey Railroad, Sterling, Colo. to Cheyenne, Wy. - 106 miles.

The Missouri Pacific Railroad, Talmage, Neb. to Weeping Water, Neb. - 25 miles.

Other cases which we are opposing and which have not yet been decided upon are:

Missouri Pacific Railroad, Crete, Mich. to Auburn, Neb. - 70 miles.

Chicago, Attica and Southern Railroad, Morroco, Ind., to Veedersburg, Ind. - 63 miles.

St. Louis Troy Railroad, Troy, Mo., to Moscow Mills Junction, Mo. - 5 miles.

Alton Railroad Company, Carrollton, Ill. to East Hardin, Ill. - 19 miles.

Soo Line Railway, Stevens Point, Wisc. to Portage, Wisc. - 69 miles.

8. Fresh Vegetables from Texas

The tariffs containing rates on fresh vegetables from Texas to all interstate destinations are in a very chaotic condition, and it is extremely difficult for persons producing and shipping these commodities to be sure when they have arrived at the proper freight rate. Requests were made on the railroads by this Division, shippers, producers, producer organizations, to simplify these tariffs. The railroads undertook to do this and in so doing proposed to increase the rates from 4¢ to, in some cases, 20¢ per cwt., which of course, is contrary to policies set for Government Agencies in various Executive Orders. The Division has consistently opposed these increased rates and, after about two years correspondence, conferences, etc., carriers have finally notified us that the matter has been dismissed from their docket until after the war.

9. Transit Privileges on Maine Potatoes

In answer to appears from the War Food Administration to increase the production of potatoes in the State of Maine for shipment during the 1943-44 season, a crop of approximately 70,000 carloads was produced. This was far in excess of any previous crop and the storage facilities in the State of Maine were inadequate to handle the portion which must be stored for winter shipment.

To alleviate this difficulty, this Division prevailed upon the railroads to publish storage, grading, packing, and repacking-in- transit privileges at all stations on all railroads in the territory east of the Illinois-Indiana State Line and the Mississippi River. As a result of this action, which was an innovation in railroad tariff publication, and for which a great deal of credit should be given the railroads for their cooperation, it was possible to save almost the entire crop before adverse weather conditions prevented further harvesting.

It was also possible for Government Agencies and others interested in the crop to move a large portion of it on the through freight rates applicable from point of origin to final point of destination with a small charge for stopping at the transit point for storage, etc.

10. Ex Barge Grain Rates

Grain moving from points on the Illinois River to Chicago by barge and thence eastward by rail has, for many years, enjoyed proportional rates which were somewhat lower than the through all rail rates. In 1939, the railroads proposed to cancel the application of these preferential rates via barge lines. The schedules carrying these cancellations were suspended by the Interstate Commerce Commission and hearings were held in Chicago in 1939 and 1940. Based on the record made at that time, the Commission found the carriers had justified the cancellation.

However, the petition was filed in Federal Court for an injunction restraining the railroads from publishing the increased rates and setting aside the order of the Commission, and the case progressed to the Supreme Court which handed down a decision in June, 1943, upholding the Commission in its authority to issue the order but refusing to pass on the rate question.

The Department of Agriculture, through this Division, was represented at all hearings and took an active part in the Court proceedings. Subsequent to the Court decision, petitions were filed with the Interstate Commerce Commission for reopening and rehearing. This was granted and the hearings were held at Chicago, December, 1943. At this hearing a much more elaborate case was presented and a record made on which the Commission will be better able to decide issues involved. Should a favorable decision result, the Illinois grain farmers alone will save approximately $2,000,000 annually. However, the effect of a favorable decision will be felt by grain producers in every part of the country where river transportation is available.

11. Cotton Rates and Privileges

Several activities have been carried on in behalf of cotton producers. For instance, new schedules of rates have been worked out and submitted on cotton from the Southwest to the ports of Mobile, Ala., and Gulfport, Miss. Warehousing and transit privileges at points in Alabama, Mississippi, and Tennessee, which were to be cancelled have been continued in effect through our efforts. New and equitable rates on cotton originating in the Southwest and moving for warehousing at points in Arkansas, Louisiana, and Missouri have been proposed and approved.

Time limits of twelve months, customary on cotton in transit for storage and concentration, have been extended to forty-eight months because of emergency conditions existing. Carriers action to cancel transit privileges on cotton linters at Memphis, Tenn., have been opposed and the privilege continues in effect indefinitely.

12. Fertilizer Rates and Rules

With respect to fertilizer and fertilizing materials, a revision in the rates on limestone in the East and Middle West has resulted in reduced rates which are beneficial to producers. Freight rates on phosphate rock from Florida and Tennessee to Missouri have been reduced, and lower commodity rates have been established on this commodity in many areas. Phosphate rock rates from Florida to points in New York and New England have been attacked through formal complaint with the Interstate Commerce Commission, and a more favorable schedule of rates is expected shortly.

13. Dry Rendered Tankage

A considerable quantity of dry rendered tankage is being imported from South American for use in the manufacture of animal and poultry feed. This tankage is received in large chunks and must be ground and otherwise treated before making. There were no favorable rates on this commodity to the Gulf Ports and, through negotiations with the carriers, some rates were established low enough to permit manufacturers to continue importation.

14. Air Transportation

A vast amount of interest has been generated nationally in the possibility of moving agricultural commodities by air cargo after the war. In order to keep abreast of this possibility, much research has been made into the existing freight and express rates on various fresh fruits and vegetables so that at the proper time, in cooperation with the air industry, an equitable schedule of rates via air may be put into effect.

D. ACTIVITIES AFFECTING THE SHIPPING PROGRAMS OF THE WAR FOOD ADMINISTRATION

1. Government Freight for Export

As an example of the Division's accomplishments in behalf of the shipment of Government freight, we call your attention to an investigation into the rates on Government traffic handled through the Pacific Coast ports for export. This investigation known as ICC Docket No. 29006 was initiated by the Interstate Commerce Commission on its own motion because of certain restrictive features in connection with export rates with which Government Agencies cannot comply with in war time.

Inland freight rates on traffic destined for export are on a somewhat lower basis than the domestic freight rates on like commodities. However, in order to avail themselves of these preferential rates, shippers are required to show on bills of lading the final foreign destination, the boat on which it is intended to move, and furthermore, the property must not leave the custody of the railroads until it is loaded aboard ship. Aside from the fact that the destinations of Government freight during war time are military secrets, there can be no definite information as to what ship will transport the cargo or when a ship will be available. Therefore, the Government is unable to comply with the information requirements.

Cooperating with the War Department, Navy Department, and the Treasury Department, the Division on behalf of the War Food Administration tried for a long time to adjust this matter with the railroads. Finally a compromise was effected acceptable to all the agencies involved. By this compromise, the War Food Administration receives the benefit of the export rates as published and a terminal allowance by the railroads of 3¢ per cwt. To receive these benefits, proof must be submitted to the carriers within six months after shipment of the final destination of each shipment. This agreement was signed March 1, 1944 and was retroactive to 1942. Based on tonnage figures available to us from the Shipping and Storage Branch, the War Food Administration itself will save approximately eight and a half million dollars in transportation costs on the tonnage exported in the years 1942 to 1945 inclusive.

2. Refrigeration of Frozen Meat

The War Food Administration is one of the largest purchasers and exporters of fresh frozen meat. This is for application to the Lend-Lease Program. During the hot weather in the summer of 1943, considerable difficulty was experienced in delivering this meat at ship side at the proper temperatures and it was necessary to unload and refreeze a good many thousands of cars of this meat. This caused delay in delivery, delay to refrigerator cars which at that time were short, and also an added expense of $100 to $150 per car.

A member of this Division was asked to make transportation refrigeration tests on several cars of fresh frozen meat from Chicago to New York City.

Included in this test were refrigerator cars of several different designs. It was discovered that fresh frozen meats loaded and shipped in standard basket type bunker cars, properly refrigerated, would deliver this meat at ship side at a low enough temperature that the meat could be loaded direct to the ships. It was also discovered that this meat when loaded in brine tank refrigerator cars could not be kept at a satisfactory temperature. Therefore, instructions were issued that all meat shipped for account of the War Food Administration must be loaded in standard basket type bunker refrigerator cars. These instructions have been renewed for the summer of 1944. On the basis of monthly shipments, the estimated savings to the War Food Administration was approximately $625,000 per month.

3. Imported and Domestic Oils

The Mississippi Cottonseed Crushers Association complained to the Interstate Commerce Commission that the freight rates on imported oils were discriminatory as compared to rates on domestic oils, particularly cottonseed oil. They received a favorable decision from the Interstate Commerce Commission and the railroads were ordered to increase the rates on imported oils to a comparable basis with the rates on domestic oils. The Division participated in this case and assisted producers in obtaining a favorable decision.

However, due to the war, the importation of oils decreased materially and it was found necessary for the Commodity Credit Corporation to take title to all imported oils and allocate the tonnage among the various processors. Therefore, the increased freight rate, if it became effective, would effect only Government through the Commodity Credit Corporation, and would not afford any additional advantages to the domestic cottonseed growers.

The Division took the initiative in calling a conference of all interests concerned and obtained an agreement on the part of the domestic cottonseed crushers to have the effective date of the Interstate Commerce Commission's order postponed until the end of the war. This the Commission declined to do but they did agree to postpone the order for one year with the understanding that at the end of that year, we could again ask for further postponement. This second postponement has been requested and granted, thus enabling the Commodity Credit Corporation to carry on without further additional costs.

4. Wharfage at California Ports

The Board of State Harbor Commissioners of California permitted increases in wharage charges on coast-wise, inter-coastal, off-shore, and foreign merchandise moving through the ports of San Francisco and Oakland, Calif. These increased charges were to become effective April 16, 1944, and amounted to 10¢ per ton on coast-wise traffic, and 15¢ per ton on all other traffic. It was expected that following these increases, similar action would be taken at all other Pacific Coast ports.

Upon being informed of this action, the Division communicated with the Transportation Officers of the War Department, Navy Department, and

Treasury, as well as other interested Government Agencies and filed protest against the action with the Maritime Commission, Interstate Commerce Commission, Office of Price Administration, and the Railway Commission of California. The War Food Administration and the Commodity Credit Corporation export an immense tonnage of freight through the California ports and based on figures obtained from these two agencies, these increases would add approximately $100,000 annually to their transportation bill.

There was considerable doubt as to wherein the authority to investigate these wharfage charge increases is vested, but finally the Maritime Commission ordered a hearing into the reasonableness of the proposed charges. Prior to such hearing, the State Board of Harbor Commissioner's of California, at a joint meeting, decided to cancel the proposed increases for the time being.

E. IMPORTANT ACTIVITIES NEEDING ATTENTION

Numerous other items of lesser importance which the Division has accomplished might be tabulated here but the foregoing gives a fair picture of the diversity of the work during the past fiscal year. There are several projects and surveys which should be made as soon as sufficient personnel is available. It is extremely difficult, if not impossible, to inaugurate new programs with the present personnel because of actions which are already being progressed and which require all of our time, but the following activities should be undertaken as soon as possible.

1. An investigation into the reasonableness of the present private refrigerator car mileage compensation which, if found excessive, might react in favor of agricultural producers through reduced line haul rates.

2. An investigation of the rate structure on dairy and poultry products-westbound. Preponderance of this tonnage ordinarily moves from the West to the East but due to the dislocation of population, because of the war, and which dislocation may continue after the war, it is believed that Westbound rates on these commodities are not properly adjusted.

3. An investigation into the existing rules and regulations on cotton linters which have not received the proper attention in the past.

4. An overall survey of existing rates on grain and grain products which have been the subject of much litigation in the past and which it is still believed leave much to be desired from the producers standpoint.

5. An attempt to secure reciprocal switching at all large fresh fruit and vegetable terminal markets.

6. A survey of the existing motor truck classifications, rates, rules, and charges with a view to bringing about greater uniformity.

- - - - - - - - - - - - - - - - -

In submitting this report, the Marketing Facilities Branch desires to express its appreciation to the other Branches and Divisions of the War Food Administration for the excellent cooperation it has received from them during the past year. Without their expert advice on matters pertaining to marketing practices and trade customs, we could not have functioned as well as we did in handling the problems involved in the physical distribution of farm and food products.